

A REVIEW OF THE AIRPORT PRIVATE SECURITY SCREENING PILOT PRO- GRAM

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TRANSPORTATION AND
INFRASTRUCTURE
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A REVIEW OF THE AIRPORT PRIVATE SECURITY SCREENING PILOT PROGRAM

Thursday, April 22, 2004

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON AVIA-
TION, COMMITTEE ON TRANSPORTATION AND INFRA-
STRUCTURE, WASHINGTON, D.C.

The subcommittee met, pursuant to call, at 10:15 a.m. in room 2167, Rayburn House Office Building, Hon. John Mica [chairman of the subcommittee] presiding.

Mr. MICA. Good morning. I would like to call this hearing of the Aviation Subcommittee to order.

Today our topic is a review of the airport private security screening pilot program. The order of business will be as follows. We will have opening statements from members, and we have three panels of witnesses. It is a rather long hearing today, so hopefully we can keep the program moving.

We will start with opening statements, and I do have an opening statement, and then I will yield to other members for recognition.

Ladies and gentlemen of the subcommittee, today, as you know, we are going to take our first review of the private screening pilot program, which has come to be known as the PP5 program. This two-year pilot program was mandated in the Aviation and Transportation Security Act, and I was the primary author of the provision that put this program into place, so I am pleased that today we can examine its progress.

The PP5 pilot program allows qualified private security companies to provide passenger and baggage screening at select airports under Federal supervision.

The private screening companies have been required to meet the same very rigorous security standards as our centrally employed Federal screeners under the full Federal screening program; however, the law that we wrote is silent on what role TSA is to have in the Pilot program, other than providing Federal oversight.

The private screening program began in November 2002, when four qualified private security companies: FirstLine Transportation Security, Jackson Hole Airport Board, McNeil Technologies, Inc., and Covenant Aviation Security took over screening at five airports: Jackson Hole, Kansas City International, Greater Rochester International, San Francisco International, and Tupelo, Mississippi.

And what we did when we put this program in place, we selected one in each category of size of airport to test this private approach. Currently, however, more than 400 airports operate with central-

ized command and control employment and training of nearly 45,000 screening personnel.

The operational success of our highly centralized all-Federal bureaucracy has been marginal by almost any effective and objective evaluation.

Numerous airports have been plagued with passenger screening delays. We had many of them up here. I think we had 16 airports up here before us just recently, talking about some of the problems. For example, Las Vegas, Nevada reported some four-hour passenger screening delays at one point. Screener vacancies exceed 20 percent in some of our busiest airports. Los Angeles, for example, and I visited there earlier this year, cited over 290 unfilled positions, while Jacksonville, Florida, to the north of my district, reported to our subcommittee that they had too many screening personnel. Many other airports report excess TSA airport bureaucracy. Training and background checks, unfortunately, have lagged behind.

The TSA bureaucracies at large and small airports unfortunately have grown unchecked. Quite frankly, it is difficult or impossible, I believe, to micromanage the employment, the training, and the deployment of tens of thousands of screeners from Washington, D.C. to scores of differently configured airports with fluctuating scheduling requirements.

While problems with the "Soviet-style" Federal screening operations should raise the serious concern of Congress, anyone who has seen the classified results and detection rates of this system and does not call for reform in the program I believe is derelict in their responsibility.

That is why I have been a major proponent of a decentralized screening program.

I also believe that aviation security is not best served by a "one-size fits all" approach. Rather, we should allow decentralized flexibility, efficiency, cost savings, and innovations. These are things that the Pilot program was intended to highlight. All that can be accomplished, as Europe and Israel have realized, without diluting any standards or lowering any requirements.

As long as the highest-level security standards are met or exceeded, how that is accomplished should be determined by those most closely involved at the airport operational level.

While I am most pleased with the results of the pilot screening program, some will testify today that the program was overly constrained by the TSA and that it never really was allowed to be experimental. We will look at that.

However, I believe that the Pilot program has had a very positive effect on the provision of aviation security post-September 11th.

I understand that the PP5 companies were initially given limited flexibility in recruiting, hiring, and training, and implementing new approaches to meet the Federal operating standards, the SOPs.

However, recently, the TSA has given the PP5 airports more flexibility and has asked the companies to submit proposals to conduct assessment and hiring processes locally.

In fact, the Pilot program has quietly been achieving improvements in the business of airport security.

Since the inception of the program, the PP5 airports have been the source of many of the new ideas and innovative approaches to aviation security. Let me cite some of those examples: 100 percent cross-training of security screeners; hiring of a mix of full-time and part-time screeners; the provision of recurrent training locally; development of a Computer Learning Lab; prescreening of all candidates to ensure they meet minimum requirements set by TSA, and that avoids the costs being incurred for the assessment of unqualified candidates. Another idea implemented innovative approach is use of actual screeners to assist in panel interviews with candidates so that operational experience is brought to bear in assessing potential employees. Another item is utilization of screeners' expertise by forming focus groups to review and revise screening functions; also, developing unique training opportunities, including detecting explosives, customer service, and proper lifting techniques. And, finally, another innovation idea is allowing employees to work part-time as security screeners and part-time in other airport-related jobs.

Those are some of the items we have learned from this program.

While TSA was slow to recognize the benefits of the pilot program, I believe that TSA is now starting to take advantage of the opportunities and new approaches the private sector can provide.

Some of the ideas first put in place by the private screening companies and airports are now being implemented at all Federal screening airports. This is not a coincidence.

With the exception of TSA's initial inflexibility and slow recognition of the pilot program advantages, the PP5 program has been, in my opinion, an unqualified success.

Today we will hear from Admiral Stone of the TSA, the Department of Homeland Security, Office of Inspector General, the GAO, and also BearingPoint, which has recently concluded a study and review of this and our Federal screening program.

Finally, I believe, and most importantly, we will hear from the airports and the companies participating in the pilot program.

It is not surprising that all of the pilot airports would like to remain in the private screening program. That fact says much about the success of the program. It also says much about the need for reform and flexibility in aviation security programs.

Let me say also that this is clearly not a proposal to return to pre-September 11th security. No one proposes giving screening responsibilities back to the airlines. No one proposes lowering Federal standards one iota. Rather, this is an approach that all Federal facilities across the Country employ today, where the private sector, under Federal guidelines, provide high-quality security functions with strong Federal oversight.

For years the public-private security model has worked successfully at nuclear power plants and military bases, and we see that also as an evolutionary progression in the European model.

To further improve the performance of our national screening system, we must develop and deploy new screening technologies, and we must reform the current bureaucracy so that we are even more responsive to local needs and aviation security requirements.

I believe the testimony this morning will confirm that with even greater Federal standards and greater Federal oversight, we can

better utilize both Federal and private security personnel to channel our scarce resources and enhance our post-9/11 aviation security.

So with those lengthy comments, I am pleased to yield to Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman. Thanks for convening this hearing on this vital topic.

Admiral, thank you for being here today.

I agree with the Chairman in that the PP5 study was instructive, it was a good learning experience, although I draw slightly different conclusions. I don't believe it means we should have a massive, wrenching transition back to private security at all the other airports in America, with all the disruption that would potentially bring about in the transition. I would also note that, despite what I heard in the closed meeting a couple of weeks ago and in the briefing yesterday, I found out that the same caps and limits in terms of personnel are applied to the private screening as are to the TSA airports. Caps which are based on arbitrary limits which were placed on the TSA by our colleagues on the Appropriations Committee, who chose a number out of the air and said this is how many people you make the system work with. Even if it doesn't work well, even if it means long lines, even if it means you can't do all the baggage, that is what we are going to do.

That was certainly never the intent here, so we have a resource problem and that comes from some of our friends on the Appropriations Committee. The Administration has not stood up to them to demand more funding for more people, and that is, in part, contributing to the existing congestion problems.

But we also have had an overly centralized bureaucratic system with the TSA, as the Chairman pointed out. But instead of coming to the conclusion that that means we should change everything over to private, what it means to me is that the flexibility that the TSA has extended to the private contractors in a number of areas which the contractors requested, which make a lot of sense, should be applied to the TSA. We should decentralize the system.

The FSD should be given a lot more authority; they should be given authority for training, for hiring, and for firing. Congress was very specific, and I am puzzled, and the BearingPoint people couldn't explain, nor could the TSA representative at my briefing explain to me how it is that the private companies say they are much more able to get rid of nonperforming employees than is the TSA, when we specifically gave the TSA authority to discharge for nonperformance. There is just no question about it, Congress was very specific on that point: there is not supposed to be any bureaucracy. And so I guess the problem is you have to call the central headquarters, and you are in a different time zone, and they call you back three days later, and you have got to put the person here or there.

We have got to do away with the centralized bureaucracy and give this decision-making to the FSDs. And if we don't have confidence in the FSDs, we need to replace them and put people in there who can handle that kind of authority. It should go to training; it should go to recruiting; it should go to firing; it should go to scheduling.

I asked again the question yesterday how is it that the private contractors can utilize split shifts better and more fully than the TSA, and the TSA representative again couldn't answer my question. Well, there is no reason, actually. Again, it is the centralized bureaucracy hasn't allowed that. Why not allow the local FSD to do that?

When you do all those things, you would end up with the flexibility you need. Hopefully we can push our colleagues to provide the additional resources.

And the one most startling thing in here, which, again, the BearingPoint people could not explain, from their survey is that people who did not know or who were not told, in being surveyed, that they had gone through private security or Federal security had less confidence in the private security at both Kansas City and San Francisco. That is very telling. Part of this is about confidence because I pointed to the huge loopholes in the system before, and I will bring those up again later today. Answers I have still not gotten from TSA or GAO on how many hundred thousand people a day pass into the airports' secure or sterile areas without any screening whatsoever. I have been unable to get an answer to that question. I know it is happening at some airports and not at others. I watched the person who sells newspapers at my local airport taking off her shoes and going through security this last week, but I understand at many major airports thousands of people a day just file passed, waving a vague ID at somebody, and go on in carrying overcoats, bags, boxes, whatever. I can't get an answer to that simple question.

We have got to admit that the inadequacies and the loopholes in the system are phenomenal, so the confidence is very important. The fact that Americans have more confidence in the Federal Government performing a national security function than in private contractors is a bit telling. I am not recommending that we have to change back at San Francisco or Kansas City because of the lack of confidence, because the security results were quite comparable, and they all need improvement, but we, I think, have a system in place that can be made a lot better, and the steps we need to take are plain.

Thank you, Mr. Chairman. I expect we will be able to elaborate on this later as we go through the hearing.

Mr. MICA. I thank the gentleman.

Mr. LoBiondo, I believe you were next.

Mr. LOBIONDO. Thank you, Mr. Mica. And I appreciate your holding this hearing today.

As you know, I, like several of my colleagues, are becoming increasingly frustrated with the TSA's inability to staff a sufficient number of screeners at our airports. We are hearing about the reports of this on a nationwide basis, and I have a specific incident in my district. I have contacted the TSA on numerous occasions. I wrote to them over a month ago about staffing shortages at Atlantic City International Airport, which is in my district.

The airport is currently about 14 full-time equivalents short of their authorized level. We have been promised that the situation would be remedied time and again. This medium-sized airport is trying to expand. We have got opportunities that we can't take ad-

vantage of because a third screener lane cannot be opened, and we are not even able to provide enough screeners for the two lanes that are operating, that they have right now.

Admiral Stone, I hope you will address this situation. I know that there is a lot on your plate, and I sort of hesitated to get specific about my district, but I am feeling this frustration and don't know where to turn, and I think my colleagues are feeling the same thing in an overall basis. So your help and consideration would be appreciated.

Mr. Chairman, thank you very much.

Mr. MICA. Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman. I appreciate the seriousness with which you have approached this hearing, and Mr. DeFazio as well, our ranking member. This is, right now, and for the foreseeable future, the most significant aviation security issue, perhaps the most important security issue, next to port security, we face.

The focus of this hearing is the BearingPoint company evaluation of the private screener companies, and looming ahead of us is the opt-out opportunity this coming November, a provision that I did not willingly embrace. But it was something we needed to do in order to get our TSA bill passed in the immediate aftermath of September 11. I thought, in the end, that will be a good performance indicator, it will be a yardstick of measurement of the Federal program which I have advocated since 1987 or 1988, and private comparative system operating pretty much on the same level.

But we need assurances and we have got to put this opt-out in the context of the present Administration's overall policy of privatization of Government programs. The President announced two years ago a plan to privatize 150,000 Federal jobs. They have succeeded in doing roughly 30 or 35,000. So I want to see assurances that the opt-out program in this context is not going to create unwarranted opportunities or incentives to airports to opt out. As Mr. DeFazio said, the BearingPoint study shows that certain airport passengers actually had less confidence in the security process at those privatized facilities than at the Federalized ones.

Second point. The heart of the airline transportation security provisions was one level of security. That wasn't plucked out of the air aimlessly, but it was based on one level of safety at the FAA, something I advocated for many years. And we finally got that policy established with the cooperation of the FAA and the DOT and Secretary Slater at the time working hard to establish that there should not be a difference in one flight standards district office in Miami to one in Seattle. Same with security. You shouldn't encounter a different level of security at Minneapolis, St. Paul than you do at Chisholm-Hibbing or than you do in Eugene, Oregon, or than you do in Orlando, Florida. No unwarranted advantages to the privately operated security checkpoints and those that are federally operated.

Now, part of the problem is the appropriation process that first set an unrealistic level, lowering the numbers, and then didn't fund that even lower level of personnel.

Now, on March 17, Mr. DeFazio and I, and Senators Hollings and Rockefeller, sent you some questions about the opt-out pro-

gram. We wanted assurances that there wouldn't be preferential treatment for those who opt out compared to those who choose to stay in the program.

Some of those airports are operating in the mistaken belief that if they opt out, they will be able to increase their screener staffing. I have heard this from various airport operators. They think that they are going to get better treatment if they are not in the Federal system than if they remain. It is clear, under one level of security, that is not the case and should not be the case.

Your response, Admiral, did not answer those questions, and I expect a clear response today, and I am going to be pressing you on it.

The GAO audit suggests there is widespread underutilization. We hear it. Members of Congress generally travel extensively, they see the security system; they know whether facilities are being well used or underused. And then we see, as Mr. DeFazio pointed out, various airport personnel just being waved on through.

I suggest, Admiral, that you go to Charles de Gaulle Airport in Paris, to the new Air France terminal, concourse, and watch how they conduct security with multilayers. I did this in February to specifically see their security system.

They have 500 EDS deployed, Mr. Chairman, at Charles de Gaulle Airport. Five hundred to screen checked luggage.

I walked through the security system with the chief of security of CDG, the chief of security for what we would call the county within which the airport is located, the head of security for Air France. Every one of them was not only screened, their badge read by a reader, their thumb print taken after they went through, and then wanded, and wanded again at the checkpoint before you board the aircraft. That multilayered security is going to make sure that we don't have another September 11 attack.

Now, the centralizing of the process, one of the problems we had in the 1980's in aviation safety was the highly super-centralized operation of FAA, and what we needed to do was maintain a single standard, but allow local flexibility. TSA needs to move away from the centralized hiring process, set realistic standards for how many personnel are needed at each airport, given its passenger load and its cargo facility, and then staff it and give them the authority to staff those facilities. There is no excuse for the discrepancies that we have in the failures to fill positions and the head security officers at various airports having to always get clearance from Washington. Set the standard, give them the money, give them their head, and then hold them accountable. That is what we need to do.

I look forward to the testimony to come today, and, again, Mr. Chairman, thank you for your vigilance on this subject, and, Mr. DeFazio, thank you for staying so thoroughly informed and vigilant and providing the oversight we need.

Mr. MICA. I thank the ranking member of the full committee.

I am pleased to recognize Mr. Hayes from North Carolina.

Mr. HAYES. Thank you, Mr. Chairman, and thank you for holding this hearing today. We are all tasked with the objective of providing the most reasonable common sense security for our citizens.

And, Admiral Stone, I appreciate what you are doing. Sometimes I feel like you are Charlie Brown and we are Lucy; we keep pulling

the football away when we define the goal post. There is a balance that exists between the Government's inherent responsibility to define the objective and to outline, using various law enforcement, homeland security, TSA criteria, what the goal posts and the goal line should be, and we appreciate that. But also it has been proven, and there are many of us that felt this way before, that the private sector has a very important and vital role to play. So if we do nothing else today, hopefully we can begin to find that balance between using the responsibility of the Government to define what we are doing and the flexibility of the private sector of each airport in each State, whether it be Atlantic City or Charlotte, and find out the best, most common sense responsible and reasonable way to do that. I appreciate what you are trying to do. Thank you.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

I recognize Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman. Thank you for holding this hearing today on the airport screener privatization pilot program.

I also want to thank all of our witnesses for being here today.

As we discuss this issue, it is important to remember why the Transportation Security Administration was created. It was created to improve our aviation security and restore and maintain the flying public's confidence in our air travel for every airport. In other words, the TSA was intended to guaranty there is a uniform level of security for all airports. I believe that for airline passengers, this uniformity has once again instilled a sense of confidence in aviation security.

Mr. Pacious, I look forward to hearing your findings on the issue of passenger confidence with the security process.

I am not claiming that there aren't improvements to be made by the TSA when it comes to hiring, staffing, and the training of screeners. Understaffing at security checkpoints is noticed at many airports, including one in my own district, at Midway. TSA has been urged to uphold a sufficient staffing level at all airports. Unfortunately, this goal so far has not been reached.

From what I understand of the preliminary data of the GAO audit on the private screening contractors, it states the flexibility that TSA has given private screening contractors in implementing airport-specific practices has enabled them to achieve some efficiencies.

I understand that the TSA is looking to granting similar freedoms and flexibilities to Federal security directors at Federal airports and, therefore, those airports could also have significant efficiency improvements.

Again, I reiterate that the congressional intent behind the TSA was establishing a uniform level of security. Therefore, I do not believe that PP5 airports should be granted more flexibility than Federal airports.

Mr. Chairman, I thank you for the time. I yield back the balance of my time.

Mr. MICA. I thank the gentleman.

Mr. Pearce?

Mr. PEARCE. Thank you, Mr. Chairman.

I would comment to Admiral Stone that at our last closed meeting, we had the question on measurement parameters, and again I would just remind you that a business principle is if you measure it, you do something about it; and if you do not measure it, you do not do anything about it.

I would encourage you. I do not know, I got the feeling from that discussion that you do not measure passenger delays, and has been pointed out, the purpose of TSA was to restore confidence and return people to the airports and to flying. But the one thing that is going to drive them away is lengthy delays and unpredictable delays.

I have heard comments from the fast food industry that as hamburgers and breakfasts are sold across the Nation, that a computer is showing exactly how many units are sold in what area, and they begin to dispatch their ingredients to those areas where the sales may be running a little bit high.

I think anything short of that very, very pragmatic addressing of the needs for screeners in some areas and the excess of screeners in other areas is needed here. We need to approach this like a business: we need to direct the resources where they need to be without overdirecting in other areas.

I asked the question just before we went home for Christmas break about the bonuses. Frankly, I think that a measurement parameter of delays and security should be the basis for bonuses, rather than it was time for bonuses. Bonuses should be for superior performance rather than just because it is time that we gave bonuses, and would hope that you would remember that as you are developing your business model or management model.

Thank you, Mr. Chairman, for the opportunity to speak and for having this hearing.

Mr. MICA. I thank the gentleman.

Mr. Menendez?

Mr. MENENDEZ. Thank you, Mr. Chairman.

When Congress created the airport screener privatization pilot program, we placed four specific requirements on the private screening companies so that we could avoid the disastrous results that we had under the previous private screening companies. We required that the private companies operating under the pilot program (1) would have Federal Government supervisors to oversee all screening at each participating airport; that they hire only employees that met the Federal Government's criteria; that they provide compensation and other benefits equal to those provided by the Federal Government; and that the company be United States-owned and controlled.

In addition, the TSA was required to have participating airports have screeners trained in the same manner as Federal screeners so that the security procedures would be standardized, well coordinated, consistently implemented throughout the airports in the Country to achieve consistent security. And this was much heralded in the debates here in the Aviation and Transportation Security Act when it was debated on the floor. Committee members on both sides of the aisle heralded the fact that this would be the first time that we had Federal management over all airport security. And I think those views then continue to be an important one now.

No one suggested that the airports opting to participate in the pilot program would have less Federal oversight.

So I am concerned, as I get a sense of some of the clambering for flexibility, that in the context of that flexibility it seems that there is some weakening of these four critical requirements that we, in a bipartisan way, established, and that is part of what I will be looking for today.

Also, with reference to reviewing the prepared testimony from the GAO, the IG, and the private screening companies, it seems that everybody is unhappy with TSA's hiring and training procedures, and that includes even Federal security directors.

As someone who represents one of the busiest airports in the Nation, Newark International Airport, I will tell you it is also the airport where one of the fatal flights on September 11th originated, an airport that still, still has not met the 100 percent EDS baggage screening requirement, and where travelers frequently stand in security lines that exceed 45 minutes, I share these concerns.

And, Admiral, I understand you have only been on the job a few months, but if I didn't know better, I would almost think that TSA is complicity in trying to ensure that we don't succeed so we can go to private security screening, because the reality is that notwithstanding all the management tools we have given to TSA, the flexibility, the part-time abilities, the configurations that would maximize abilities, I see it at Newark and I see that none of those management flexibilities are in use, and it is clearly a failure in terms of using the abilities that the Congress has given to the TSA to meet its obligation.

We are now at nearly pre-September 11th and headed in the right direction for the purposes of the industry and the traveling public, we are heading in the right direction in terms of the number of passengers that are traveling in this Country. That is good news: good news for the industry, good news for the economy; a sense of confidence in being able to fly again. But we are going to choke that success and that confidence by the inability of TSA to meet the demand.

And so I certainly hope that we, as part of this, look at, and I hope the committee looks at more intensively, how we focus on improving these procedures at all airports; how we look at getting TSA to be responsive and use the management tools that Congress has given it as a starter. And I understand the cap issue as well, but when you don't even use the management tools you have to meet part of your challenge, the cap, in and of itself, is not a question.

And, finally, the BearingPoint study found little cost or security benefit in having the private security companies do this specifically, and if that is the case, and if we are looking for all these flexibilities, flexibilities that we are either not giving to TSA or flexibilities that the TSA has and is not using, then we have a real problem on our hands.

So I look, Admiral, for some responses to these questions generically, and I am looking forward to engaging with you specifically at Newark, because we cannot continue on the path that we are on. We are going to stifle the progress that we are going to make. That has an economic effect in the Country, for our region and in

the Country, and God knows we need a more vibrant economy. So it is all interrelated with the security issue, and we look forward to your responses.

Mr. MICA. I thank the gentleman.

I want to yield now to Ms. Berkley. She has a request to leave early, so you are recognized.

Ms. BERKLEY. Thank you, Mr. Chairman. I was just about to walk out. I appreciate it.

First, I want to thank Admiral Stone for working with the Nevada delegation, the airport director, and the FSD at McCarran Airport to resolve problems the airport experienced at the beginning of the year. As you are well aware, in January, departing passengers, and our Chairman mentioned this, stood in line for up to four hours after attending one of the largest conventions in Las Vegas. This obviously is unacceptable for a community that depends on its airport for its very livelihood. And as I have said on many occasions, almost 50 percent of the people that come to Las Vegas to enjoy our wholesome family entertainment come through McCarran Airport. That is 36 million visitors. People who stand in line for four hours are going to think twice before coming back to our community, and that would have an economic impact that I would hate to think about.

You have heard what we said, and I appreciate that. The TSA has worked with the FSD at McCarran to give him more flexibility, and that was the key word. I think every one of the members on this Committee has mentioned the need for more flexibility to move passengers through the security checkpoint securely and more efficiently. And, as a result, we are a success story. The length of time travelers must stand in line has been dramatically reduced. We just had our National Broadcasting Association big convention in Vegas. Not as big as CES, but I can say that we did not receive many complaints.

The airport is continuing to work with the TSA to make sure that the screening process continues to improve. By the middle of June, a few months from now, the airport is adding six additional security lanes. But I must reiterate to the Admiral, just as every one of my colleagues has stated, we need the staffing of these additional lines. If we don't have enough staffing, it doesn't matter how many security lines we have; we can't get people through. And I think all of us share that concern, particularly at McCarran's D gate, although I can tell you C gates are no bargain either.

Finally, while the TSA has experienced difficulties at McCarran and other airports, I am absolutely not convinced, as a matter of fact, quite to the contrary, that privatizing our aviation security system is the answer. And I can't help but agree with my colleague, Mr. Menendez, there almost seems to be a conspiracy to ensure that this doesn't work. Congress has not provided TSA adequate resources to hire the number of screeners and equipment needed to fully carry out the mandates we put in place, and they were very specific.

Rather than undo what progress has been made, we should be redoubling our efforts and giving the TSA the tools that they need for success, rather than offering those same tools to private compa-

nies and not providing those same tools to the TSA to actually do their job.

Like everyone else on the committee, I am looking forward to your testimony regarding privatization and all the other issues that you are going to talk about.

And, Mr. Chairman, I can't thank you enough for allowing me this extra time.

Mr. OBERSTAR. Would the gentlewoman yield?

I just simply want to supplement her observations about the shortcomings at McCarran.

I have been through there a couple of times, attend a conference, give a speech, try to get out of town. The lines are just untenable. And I heard the screener saying we are short-handed, we don't have enough people. They were drawing people from other parts of the airport to come and work the security lines.

Ms. BERKLEY. May I reclaim my time?

The director of the airport and his administrative personnel have been on the lines because it has been so desperate. He pulled them out of the executive offices and the administrative offices, and they started doing screening themselves. That is difficult.

Mr. MICA. I thank the gentlelady.

Let me yield now to Mr. Pascrell has been waiting. Thank you.

Mr. PASCRELL. Mr. Chairman, I was very proud when this subcommittee led the way for the creation of the Transportation Security Administration. There are many loopholes that remain and problems that exist. I believe that the Federalization of airport screeners has improved our physical security, and also the public confidence in the aviation security system. The public can be assured that if we follow the law as it is written, we will never go back to the time of security on the cheap. We must not revisit the days when Argenbright and its ilk were paying minimum wages, with no benefits, to those on the front lines of our security system, yielding disastrous results, and high turnover rates speak for themselves.

It is the Federal Government that has the duty to ensure the American people are protected against terrorism, with one level of security nationwide. Anything else is unacceptable. We can and will not allow any airport screeners, either Federal or private, to be held to lesser standards so that management can meet their bottom line. That is not acceptable either.

The Aviation and Transportation Security Act of 2001 plainly states for all of us that the TSA cannot compromise staffing levels, training standards, or wages and benefits for any private screener workforce. Of this there can be no question, it is laid out quite clearly.

The section 108, security screening by private companies, chapter and verse very specifically talks about the security screening pilot program and speaks very specifically about the opt-out program. If I may quote from the very rules that exist that you must implement: "A private screening company is qualified to provide screening services at an airport under this section if the company will only employ individuals to provide such services who meet all the requirements of this chapter applicable to the Federal Government personnel who perform screening services at airports under this

chapter, and will provide compensation and other benefits to such individuals that are not less than the level of compensation and other benefits provided to such Federal Government personnel in accordance with this chapter.”

It ends on the very next page. It is very specific, very defined, and very clear for all of us to understand this.

I would like the panel to help us resolve some of the questions that do remain. When the report cites that the private sector is finding efficiencies and cost savings without compromising TSA standards, can any of these practices be utilized by the TSA itself?

There is also a huge issue of liability. People entrust the Government to protect them. If we pass that responsibility to the private sector, will they assume the liability for a terrorist attack caused by negligence of one of their screeners? Very important issue; we discussed it two years ago.

One final point. As we criticize policy set by TSA management and implementation of the law, let us be careful not to demean the tens of thousands of Americans that serve as Federal screeners. These men and women spend their days and nights, and they literally serve on the front lines in the prevention of aviation terror attacks, and we appreciate their service.

And I have also suggested, Admiral, time and time again, why we expand the pool of folks that we look at for these jobs. I feel more strongly about this now than I did two years ago, that we turn to the law enforcement community, that we look at retired law enforcement officials, former first responders who have been trained in the business of looking folks in the eye. I think that this is important, I think it is critical, and I certainly am not going to miss this opportunity to bring it up again.

I understand that this hearing is but the first step in this process, and I look forward to finding ways to bring some private sector utilized efficiencies to the TSA, and I am very proud of what TSA has done so far.

Thank you.

Mr. MICA. I thank the gentleman.

Mrs. Tauscher.

Mrs. TAUSCHER. Thank you, Mr. Chairman, Ranking Member DeFazio. Thank you for holding this hearing. I am going to be brief, as there are many witnesses scheduled today. I just want to take a minute to brag about one of them. And I hope, when I get to know you better, Admiral, I will be bragging about you. But, instead, I am going to brag about John Martin, who is the Director of the San Francisco International Airport, who is on the third panel, and he just does a phenomenal job of managing the multitude of challenges facing airports today, and he should be commended.

SFO, as you know, Mr. Chairman, is the largest of the five airports participating in the two-year private pilot program known as PP5, and all of the reports I have seen show that the pilot has been successful at SFO. One reason for SFO's success is the investments that they have made in inline baggage system, in a comprehensive security system that includes closed circuit televisions, which reduce staffing needs and moves passengers through the checkpoints much faster.

I look forward to Admiral Stone's testimony and hope to get a chance to ask him about TSA's commitment to provide SFO with an additional 15 to \$20 million. They need to finish their inline system so they can truly be a model of national success in this area.

Another reason for SFO's success is their strong partnerships with TSA through the Federal security director and their contractor on site. We should be replicating the model of success of SFO through the best practices developed under ideal conditions like this one, and TSA should give more flexibility for innovation to all airports, not just those in the pilot program.

As this committee analyzes PP5 and looks forward, it is important to remember that airports nor airlines are in the business of managing security screening. This committee did the right thing by taking that responsibility away from the airlines after 9/11 and making it a Federal security function. So whether an airport opts out or in the system, it is imperative that the Federal Government continue to set uniform security standards for that system, provide strong Federal oversight, provide a Federal screening workforce where needed, and provide the investment dollars needed to make sure that they can accomplish these goals.

That said, no two airports are alike, so it is our job to replicate best practices across this diverse system and give the Federal security directors flexibility to work with their airports to define the best practices at each airport without diluting standards, and making sure that we have a seamless security network across our Country.

Thanks, Mr. Chairman. I yield back the balance of my time.

Mr. MICA. I thank you and recognize Ms. Johnson, who has been waiting patiently.

Ms. JOHNSON. Thank you very much, Mr. Chairman Mica and Ranking Member DeFazio for holding this hearing today.

I have listened to the opening statements, and I can say from the Dallas-Ft. Worth International Airport we have many of the same problems. But I still believe that the airport security screening activities are inherently a Federal responsibility, and I think people feel more secure with TSA screeners than with private screeners. And besides encountering poor customer service in many cases, I think the Federal screeners are doing a respectful job. We have huge numbers of complaints in DFW about the attitudes. It is important that we keep a standard uniform security program for all airports, but we need to improve the way TSA staffs, hires, and trains its screeners. Specifically, we need to meet more local control of staffing and training at our airports.

Currently, the Dallas-Ft. Worth International Airport is losing 60 screeners per month. This adds up to 720 screeners that DFW is losing per year. Unfortunately, DFW's TSA Federal security director has only replenished the screener workforce once since he has been at the airport. With passenger volumes for fiscal year 2004 and 2005 projected to result in DFW's second and fourth highest years ever, it is imperative that we have enough screeners to process this increase in passengers. This is clearly a problem that can and should be remedied by decentralizing screener hiring practices.

As I have said time and time again, and throughout the highway bill reauthorization process, we have got to evolve authority to

those more directly impacted by the problem. Those closest to the problem are best able to fix it. Local control will provide better security and customer service for our Nation's airports.

I would like also to voice one more concern. DFW Airport is also experiencing significant delays at four of its checkpoints, and the time has risen long past 30 minutes at peak time, and TSA has concluded that the checkpoints need to be reconfigured for space and efficiency, but they have not completed this project yet. We have seen lines curve all the way around to the counters where people are getting serviced for tickets, where you can't pass, and out into the sidewalks.

I am concerned that as summer nears, passengers will experience lengthier waits and lines will still spill outside onto the curb area. And if you have been to Texas, you know you don't want to be out there. In order to prevent this scenario, I am requesting that TSA complete this checkpoint reconfiguration project very soon.

I look forward to continuing to work with this committee on these issues. Thank you, Mr. Chairman. I yield back.

Mr. MICA. Mr. Graves?

Mr. GRAVES. Thank you, Mr. Chairman. I will just be very brief.

I do want to welcome Kansas City for being here. They are not on the panel, but they are one of the five airports that are in the pilot program. We have a very unique situation in Kansas City, and they do a very good job of administering it, and I am very pleased to have them here today. And I hope to get you out there some time soon to witness that firsthand.

Mr. MICA. Thank you for the invitation. I hope to see it. I have changed my opinion about the configuration of the airport a bit, but we will get into that later.

Ms. Norton, you are recognized.

Ms. NORTON. Thank you very much, Mr. Chairman. And thank you very much for this hearing. Actually, we may be able to learn something from this hearing, because, after all, we are dealing, Admiral Stone, with an agency, and we very much appreciate the fact that you are building an agency from the ground up. Actually, I regard that as a great opportunity. Instead of kind of pasting over years, some of them decades, of what somebody else has done wrong, you can, of course, start all over again, make your own mistakes and correct your own mistakes.

I am not sure exactly what the pilot program was supposed to be showing us. I have great respect for pilots, having run a Federal agency myself. I always began with a pilot. But, of course, I don't think that there is any disposition in the American people or in the Congress to change from the system we have just changed from to go to this system. So I choose, therefore, to look at the pilot program for what it can teach us, since it is from the ground up, as is the more general nationwide program.

The great challenge, it seems to me, for the pilot is to operate with both oversight and flexibilities. Now, that is a problem enough, but when you are operating within the necessary constraints that since 9/11 we are going to put on aviation, the challenge is particularly great. I mean, the fact is that the standards have to be the same. The fact is that the staffing levels have to be the same. The fact is that there have got to be Federal supervisors.

I am beginning to wonder what is different, except that there are some private companies that are running it, and, of course, in a real sense, that is from whence we just came.

I understand that there is some concern among these companies that, well, they are too constrained. Yes, that is right. And that is the challenge. You are going to be constrained. Because we are dealing with aviation, everybody is going to make sure that we don't, in fact, get into the same problems we had before.

But precisely because they are operating within a constrained model, I think the model could be useful to us in what really concerns me, and that is to say can the private model help us build a better national system because it is operating on a smaller scale. For example, is their staff retention any better than it is with the TSA? One of the chronic problems, you invest a whole lot of money in training people to do it right, and I want to know where are they going? We are paying them enough. We made sure we were paying them enough. I have to assume that you are paying them the very same thing in the private sector. Can the private sector teach us something about staff retention?

My good friend and colleague who spoke before me, Ms. Johnson, has just mentioned these lines. Well, do they have the same lines? If they are operating under similar constraints, albeit private parties with a little more flexibility, can they teach us something about that?

Ultimately, I think that the value of the pilots can be, if they operate indeed as pilots, can they help us innovative, can they help you build a new system from the ground up, even as they are? Can they show us, because they are operating on a smaller scale, what we can do on a greater scale? What they can do without sacrificing Federal standards, we surely intend to do without sacrificing a Federal system.

Thank you very much, Mr. Chairman.

Mr. MICA. I thank the gentlelady.

Mr. Porter.

Mr. PORTER. Thank you, Mr. Chairman. I appreciate your holding this hearing today. As you know, September 11th the date comes up frequently on the hill and across the Country, but I think we learned about the importance of adequate airport screening. McCarran, with close to 30 million passengers a year, we are acutely aware, and I would like to applaud our security director, Mr. Jim Blair, at McCarran-Las Vegas, and the folks at Laughlin/Bullhead City Airport. But, unfortunately, as the economy is getting stronger and more positive, and more people are enjoying the hospitality industry, we are finding that our system is continually being overtaxed because of the number of tourists that are coming through, and we want to make sure that we can welcome those tourists and not be a problem.

We have talked at length in this committee and with the TSA, and I would like to reinforce, one, the positive things that you are doing, but to encourage the continued effort of working with individual communities when it comes to being prepared for the number of visitors. In Las Vegas, every day is a Superbowl. And I know Houston did a great job, as did TSA, of handling the Superbowl, but we need to make sure that TSA continues to be in communica-

tion with the different business communities, hospitality included, but wherever you are in the Country. We literally have thousands of people standing around during one of our events earlier in the year because we weren't adequately staffed.

So I guess, in summary, I appreciate what you are doing, but once again I call on the coordination of the TSA with the communities across the Country as they gear up for their very own Superbowls. And the more efficient we can be in handling the visitors to our communities, the safer they will be. And, again, appreciate what you are doing. And I hope to learn from the five airports that we are currently experimenting with with the private screening, but, again, thank you, but keep coordinating with these different communities.

Mr. MICA. I thank the gentleman.

Any further opening statements?

[No response.]

Mr. MICA. With no further opening statements, we will turn to our first panel and witnesses.

Let me just make one announcement to the subcommittee. I think Mr. DeFazio, possibly Mr. Oberstar and myself have seen the classified results of the testing of the current system, both private operations, the five pilot programs, and also many of the other airports. I think it would behoove every member of this panel to take time to get with staff, we have copies of those classified reports, and access them. I think we have a very serious situation on our hands relating to the effectiveness of the current system, be it public or private, and I think that each of you should take time to review the problems that have been identified with the current system. And I think we need to take that under probably a closed session and discuss where we go from here, whether we have an expansion of the current private program or the public program, because we do have some serious deficiencies in the current system. So the staff, if you will arrange with them, can give you that classified information.

Let me just say, too, that this hearing is not about opting out of the Federal security system. I have not proposed that; no one that I know of has proposed that. These pilot programs, too, have worked under a Federal system and were supervised and the standards set by Federal authority, and no one proposes any change to that. What we are going to do is find out how the five pilot programs operated and how TSA intends to move forward from this point, given the provisions of the law that was enacted November 19th, 2001.

So, with that, I am pleased to recognize our first panel, which is Admiral David Stone, Acting Administrator of the Transportation Security Administration, and also the Honorable Clark Kent Ervin, Inspector General of Homeland Security.

Welcome. You are recognized first, Admiral Stone.

TESTIMONY OF ADMIRAL DAVID M. STONE, ACTING ADMINISTRATOR, TRANSPORTATION SECURITY ADMINISTRATION; AND HON. CLARK KENT ERVIN, INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY

Admiral STONE. Thank you, Mr. Chairman.

Chairman Mica, Congressman DeFazio, Congressman Oberstar, and members of the subcommittee, thank you for holding this hearing regarding TSA's private screening pilot program, what we call the PP5 program. I will refer to those airports participating in the PP5 program as PP5 airports.

Yesterday, TSA briefed the Chairman and Ranking Member on the findings from an independent study TSA commissioned to compare screening at the five pilot airports with screening at Federal airports. While you will hear later from BearingPoint, the independent evaluator, I am pleased to now have the opportunity to discuss their findings in an open hearing. This will allow me to discuss how those findings will shape our thinking as we move forward on designing the parameters of the opt-out program after the conclusion of the pilot program.

As a threshold matter, ensuring the security of the civil aviation system is our overriding objective. With this central mission in mind, a fundamental goal of the independent study was to provide an objective view of whether it would be appropriate for TSA to proceed with the opt-out program from a security standpoint. Indeed, the Aviation and Transportation Security Act specifically states that TSA may only enter into private screening contracts with airports electing to opt out if TSA determines and certifies that the level of screening services and protection provided at the airport under the contract will be equal to or greater than the level that would be provided at the airport by Federal Government personnel.

The results of the BearingPoint study indicate that while additional study analysis and refinement will be required as we move forward, TSA anticipates that it will be in a position to make this certification at the appropriate time. Specifically with respect to security effectiveness, BearingPoint concluded that the five PP5 airports performed at a comparable level to airports with TSA screeners.

BearingPoint arrived at its conclusion after conducting extensive comparisons between Federal and private contract screening using the following criteria: covert testing results from TSA, DHS, and the General Accounting Office; screener response to threat image projection system images; secondary searches conducted at boarding gates to assess the effectiveness of initial searches at some airports; and screener performance on various decertification tests.

In addition to the security analysis, BearingPoint compared the cost of conducting operations at Federal and private airports. It found that the cost at the five airports were not different in any statistically significant manner from the estimated cost of federally conducted security operations at those airports.

BearingPoint also examined customer service and stakeholder impact, although its findings in this area were less conclusive. Data indicated that customer satisfaction at the Category X and 1 airports was mixed, but there was not enough data to draw conclusions for the other three airports. However, a qualitative survey of stakeholders revealed no difference in this area between airports with private contract screening and those with Federal screeners.

While we believe that BearingPoint's independent study has been a highly useful exercise, it is merely a starting point, and not the

end. We regard the pilot program and opt-out program as an interim process where TSA continually operates, evaluates, and innovates with regard to private contract screening.

We have learned a great deal from the BearingPoint study, as well as from our own experience, and I have no doubt that we will glean additional useful information as we proceed with the remainder of the pilot program. We intend to use the remaining months of the pilot program to incorporate lessons learned thus far and apply them to the future conduct of the PP5 program. Furthermore, we will be incorporating all lessons learned in the designing of the opt-out program and then further incorporate lessons learned from future activities at airports utilizing private contract screening.

We acknowledge and appreciate suggestions voiced by the PP5 contractors, airport authorities, as well as GAO and the DHS Inspector General regarding operational flexibility at the PP5 airports. Previously, in keeping with our central security mission, TSA managed the PP5 program conservatively with regard to flexibilities. In doing so, TSA was taking the utmost care during the organization's standup phase to ensure that security was being met at all of the Nation's airports, including the PP5s. TSA has provided the PP5 contractors with significant flexibility in certain areas; however, we are actively seeking to increase this flexibility even further. Now that we are more confident in our ability to judge the impact on aviation security that a proposal may have, we will move forward aggressively in this area.

One example of flexibility is TSA's approval of the idea conceived by Covenant Aviation Services to implement and test the concept of using baggage handlers to perform nonscreening functions in lieu of baggage screeners at San Francisco International Airport. Covenant believes that this division of responsibilities will result in cost savings without any deterioration in security. TSA is now monitoring the implementation of this idea. TSA welcomes all innovative ideas put forward by the contractors and will afford each proposal careful consideration.

TSA is in the early stages of developing an efficient, understandable, and effective procedure for opt-out applications and is currently drafting the specific contents of the opt-out guidance. As we move forward on developing the guidance, I must emphasize again that security of the aviation system is and will always be our overriding concern.

One of the many challenges TSA faces in developing the opt-out guidance relates to transition issues concerning the Federal screener workforce at airports that elect to opt-out and where we approve this request. TSA has invested significant time and resources in hiring and training Federal screeners. They function at a high level of performance and have done a tremendous job of protecting our civil aviation system. We certainly believe it would be wise to preserve this investment and retain the knowledge, skills and experience of this valuable, dedicated, and proven workforce.

One option that TSA is considering to address this challenge is to provide Federal screeners at the affected airports with the right of first refusal for screener positions at contract screening companies. We are working hard to resolve these issues, as well as oth-

ers, to ensure that the process will be in place to give careful consideration to applications submitted by airports that elect to opt out after November 18th of this year. TSA is currently on schedule to meet a self-imposed deadline for providing guidance to the airports in order to aid their decision on whether or not to opt out.

As we move forward, we will take appropriate steps to ensure that we communicate effectively with our stakeholders, with the current screening workforce, and with Congress on our progress.

Mr. Chairman and distinguished members of the subcommittee, this concludes my remarks. I look forward to answering your questions during this hearing.

Mr. MICA. Thank you for your statement.

I will start with a couple of questions.

I am sorry, we have got the Inspector General before I start my questions. I thought you were going to have to leave early, but you get the privilege, Mr. Ervin, of following Mr. Stone, so welcome, and you are recognized.

Mr. ERVIN. Thank you very much, Mr. Chairman and members of the committee.

Based on our own work on this matter, the Office of Inspector General found that there is not a sufficient basis at this time to determine conclusively whether the pilot airport screeners performed at a level equal to or greater than that of Federal screeners. TSA needs to develop measurable criteria to evaluate both contractor and Federal screeners properly. Available data from limited covert testing suggests that they performed about the same, which is to say equally poorly. But the apparent consistency in performance was not unexpected, considering the extraordinary degree of TSA's involvement in screening, hiring, deploying, training, and promoting pilot screeners.

TSA's tight controls over the pilot program restricted flexibility and innovation that the contractors might have implemented to perform at a level exceeding that of the Federal workforce. For example, the inability to hire screeners independently left pilot program contractors totally dependent on TSA to obtain their initial workforce and to fill any vacancies caused by attrition or to meet peak period needs during the first year of the contract. As a consequence, the pilot program contractors said that they could not effectively and immediately address problems with high attrition levels, understaffing, excessive overtime, and employee morale.

The staffing shortage at the Kansas City Airport, for example, was so severe that to meet the minimum staffing requirements and to ensure airport screening security, TSA temporarily deployed 68 Federal screeners to two passenger checkpoints and three baggage screening areas. The Federal screeners were deployed to the Kansas City Airport for two months, costing TSA over \$1 million.

Applicant screening was also a problem. Covenant prescreened all the applicants prior to sending them to the TSA assessment center, to increase the likelihood that TSA would agree that the prescreened applicants were qualified. However, only 31 percent of the prescreened applicants passed the TSA assessment process, and that was about the same percentage as passed the TSA assessment center who were not prescreened. The contractor had to wait for future TSA-initiated assessment centers to be set up before it

could attempt to fill the remaining vacant positions, and TSA refused to share its assessment criteria with the contractors so that future contractor prescreening could increase the likelihood of the pass rate.

The pilot program contractors were also restricted in the overall number of screeners that they could hire and in how screeners were trained. For example, although the TSA pilot contract award press release and the pilot program contract stated a requirement for baggage screening, TSA did not include authorizations for baggage screeners in the initial hiring or staffing level. To attain staffing flexibility, pilot program contractors, with approval from local TSA, did cross-train passenger screeners and checked baggage screening on their own.

TSA's management and oversight of the pilot program was generally decentralized, and program and operational issues had to be routed through numerous divisions within TSA in order to be researched, discussed, and then finally approved. When contractors and local TSA officials needed decisions and/or direction, they often had difficulty getting headquarters officials to respond. Some local TSA and contractor officials found it easier to make their own decisions rather than seeking headquarters approval or guidance, leading to inconsistencies among pilot airport program management and thereby making comparisons between the Federal workforce and the contractor workforce even harder to make.

In conclusion, OIG believes that, in theory, pilot programs can be a useful tool in exploring program innovations and improvements. But in this instance TSA must develop meaningful performance measures and standards so that overall performance and the effects of new improvements can be measured and assessed, and contractors must be given the flexibility to determine what works best for their own situations.

I have a longer statement, as you know, Mr. Chairman, for the record, and, like the Admiral, I would be happy to answer questions. Thank you.

Mr. MICA. Thank you. And, without objection, your entire statement will be made part of the record.

Now we will proceed with questions. I thank both of our witnesses for their comments.

First of all, Admiral Stone, again, I want to make it perfectly clear that no one is opting out of a Federal program, that, in fact, there will still continue to be all requirements, policy oversight conducted by the Federal Government and TSA. Is that correct?

Admiral STONE. That is correct, Mr. Chairman.

Mr. MICA. Under any circumstance that is considered, they are not opting out from Federal requirements.

I was actually quite surprised at the unanimity of the panel, both sides of the aisle, in the plea for decentralization. And God bless you, Admiral Stone. We have had McGaw and we have had Loy, and you are acting. You are number three, and you have inherited what has been probably one of the most formidable tasks since World War II of putting together an aviation security system or any kind of a system with 40,000, I think at one point we were up to 55,000, employees to get this thing launched, and trying to get it to work right is quite a challenge.

But we passed the law, we have November 19th as a deadline, and we have many airports, some are in the audience, or their representatives, wanting to know what time frame you anticipate that they will know how they can proceed. And again, latest indication I have had is about 100 airports want to look at operating in a similar fashion, with Federal supervision, with private screeners, and also in a more decentralized fashion so that some of the hiring, the recruitment, the training can be done on a localized basis, and also the deployment of personnel can be done so they can address the peaks and valleys of their passenger screening requirements.

Can you give us, today, some kind of an outline in which you anticipate this transition to take place and let us know what the schedule is?

Admiral STONE. Yes, sir. When Admiral Loy testified last fall before this committee, he set the bar and it was his hope that TSA would promulgate six months prior to November 19th a process by which airports could then review and make their decisions concerning submission of paperwork requesting to opt out on November 19th. So May 19th has been the goalpost that we have set that we would like to be able to have an opt-out process described.

The program structure would include issues such as indemnification, our position on unionization and program application such as the contract vehicle, contract award process, application process, and also clarifying the role of TSA, the role of the FSD, the role of the airport, and the role of the private contractor. And so we are busily working and crafting that plan. We plan on meeting once again with the companies that have provided services for the PP5 airports. In fact, we recently sent them a letter because we want to meet with them to discuss their ideas that they have provided us on efficiencies and effectiveness, improvements so that we can include that into our opt-out planning process.

So our goal is that, in that May time frame that I mentioned, to be able to develop that, have that briefed up through our department and up the chain so that we can provide at the earliest opportunity to the airport directors what that process will look like so that they can make a thoughtful decision.

Mr. MICA. OK.

And again I heard some concern about we don't want massive disruption in this process, so we want a smooth transition. We don't want any diminution or change in standards; we would actually like to see higher requirements kept. I think that is one of the concerns of the subcommittee as we make this transition.

The liability and indemnification is an important question, because no one wants to take on this responsibility if they are liable. Almost everything TSA is now contracted to the private sector, isn't that true? I have the recruitment is done by NCS-Pearson; assessment and hiring of all screeners, private and Federal, is done by NCS, a private contractor; the recruitment assessment and hiring of personnel is done by Cooperative Personnel Services, a private contractor; the preemployment physical testing is done by a private contractor; Boeing-Siemens done training for baggage screener; Boeing-Siemens does study of passenger movement.

Are they indemnified, these folks, now?

Admiral STONE. I would have to find out for each individual one and provide that back to you, sir.

Mr. MICA. OK. But, again, no one is going to take on this responsibility. And you do have a current indemnification for these five pilot projects in some way, don't you? Could you describe that?

Admiral STONE. We are currently working with DHS to provide coverage to the private screening contractors under the Safety Act enacted as part of the Homeland Security Act, and consideration is being given to amending that Security Act regulation to designate and certify TSA's current standard operating procedures that are followed by TSA screeners and contractors at the privatized airports as an approved antiterrorism technology. Doing so would provide the contractor with the judicially-created affirmative defense known as the government contractor defense. That defense protects the contractor from third-party liability towards suits.

Mr. MICA. One of the questions raised here was if you have enough resources. I am told that right now, while you have a cap of 45,000 imposed by the appropriators, you have approximately 3,000 vacancies on any given day across the Country. Is that correct?

Admiral STONE. No, sir, it is not. When you look at the airports today, those airports have allocations based on a 49,600 FTE. We currently are in the process of repromulgating what those allocations look like at 45,000 FTE, and so we are operating right now, at least full-time equivalence for the FTE acronym——

Mr. MICA. But we still have——

Admiral STONE. We are operating below that number.

Mr. MICA.—literally thousands of vacancies of unfilled positions.

Admiral STONE. We have about 700 based on a 45,000 full-time equivalent metric, or we have got 44,300 FTE right now operating——

Mr. MICA. That is not the information that I have been given by staff. Again, I wish you would check that and give it to the subcommittee. I can recite more than 700 vacancies right now across the Country.

Admiral STONE. Yes, sir, and that is based on the old allocation figure.

Mr. MICA. OK. Well, again, we have places where we don't have the personnel deployed, and I am getting complaints from local Federal security directors that they can't get people deployed, either recruited, trained, a background check completed from Washington, and then deployed to where they need them, and that is part of the problem.

I think you heard the plea here. No one wants to change the standards, but we want to decentralize the process and make it more flexible.

Well, I have a number of questions, but I have to let everybody have a fair shot here today. But the last thing is the most disturbing thing we heard from the Inspector General was that both the Federal and the private screeners performed equally poorly.

Isn't that what you said?

Mr. ERVIN. That is right, Mr. Chairman.

Mr. MICA. And when I asked the members of the subcommittee to review the classified information beforehand, this is what I was

referring to. We have a system that isn't working. I think it is incumbent, and I am going to ask Mr. DeFazio, Mr. Oberstar, and others on the committee that are interested. I think we need an emergency meeting with Admiral Ridge, Admiral Loy, Hutchinson, you, and others to sit down and look at the results we have seen in testing the system. It is not working, whether it is private or Federal, to the degree it should. And that is just for finding certain types of threats.

What concerns me even more is the type of threat that we may see with an explosive device we are even less likely to be able to deal with with the current training, with the current equipment and technology, and the current deployment of resources. And I think we need to have a serious meeting within the next 10 days, and I am going to ask the ranking member to join me, the full committee, whatever it takes. We need to sit down and see how we can develop a more effective system to address the gaps in the current system that we have, whether it is public or private.

So I put you on notice I am asking the staff to ask Secretary Ridge and the others, and that meeting will take place one way or the other. If necessary, I will request a subpoena and will have folks come in here if they will not voluntarily. This is a very serious situation and it needs our immediate attention.

Admiral STONE. Yes, sir, Mr. Chairman. I had a talk with the Inspector General yesterday on this subject, related to the covert testing program, and in this unclassified forum I wanted to make the point that we do indeed agree that there is a need for a closed session here to discuss both the technologies that are involved in this, as well as the issue related to the investment that we have made in this over the last 18 months, since we stood up and Federalized the screening force and we have tracked this very closely. That is 70 percent improvement on where we are headed. I have also met with my Israeli counterparts to talk to them about the concept of covert testing and the need that when you have a testing program, you need to break the system. We do not want to produce results that have 99 percent completions by having testing conducted that is simple and pumps up our numbers. So that system is designed to break it and is in concert with whether you deal with the Israelis or any other experts in this field to make sure that we know where our vulnerabilities are so we can remedy them. So, sir, I look forward to that opportunity to brief that.

Mr. MICA. Thank you.

Mr. DeFazio?

Mr. DEFazio. Thank you, Mr. Chairman. Mr. Chairman, I share your sense of urgency about this issue. You and I have both been critical of the lack of new equipment available for screening passengers so that TSA employees or the private contract employees don't have the tools they need, particularly for the detection of carry-on explosives. It is just not conscionable that we haven't acquired and deployed that technology. Technology exists. Technology is used here at the Capitol, it is used at the White House, but it is not used in our airports. We just can't abide by that situation, and we have got to move forward with rapid deployment, because I believe that that is one of the greatest risks that confront us. I welcome the opportunity to participate with the Chairman in an

urgent emergency hearing or briefing and conversation with the highest ranking people in the Administration on this issue.

And I just reflect further, when Inspector General Ervin said equally poorly, that was an attention-getter. He didn't say comparably; equally poorly. We are not violating any confidences here. That is a condemnation. And what I hark back to is when I introduced my first bill on enhancing passenger screening and checkpoint screening in 1987, after a briefing by the FAA on the failure rate of the existing system then run by the airlines. I was shocked. I was absolutely shocked. And at that point we didn't exactly confront the threats we confront today, but I was still very concerned. So I introduced my first bill back then. And the interesting thing is that the failure rates are comparable between 1987 and today, and part of that has to go to the technology the people are working with. Many of them are working with essentially the same technology they were working with in 1987. Granted, the tests are more sophisticated, they are more difficult targets in terms of concealment, but that is just not acceptable.

Now to go on to a few of the other points here. Admiral, you talked about the amount of effort that is going into laying out the process to convert to private contracting. There is quite a considerable effort going on in your staff, but I would just hope there is at least as comparable or even a more urgent effort going on to give the existing FSDs the flexibility that the private contractors have today and the things that are identified in this report about how they can do things better with split shifts, how they can dismiss people.

As the Chairman brought up, for instance, there was a concern here about the prescreening. Covenant prescreened people and 31 percent got through the final screening. Well, of course, the assessment and hiring was set up by NCS-Pearson, but it is overseen by the TSA.

Could you tell me, Inspector General Ervin, do you have any idea where that problem is? You said they wouldn't communicate back to Covenant about the criteria that were used. Is that a TSA policy? Is that a policy with the contractor? Were the failure rates due to criteria set by the contractor or some sort of overlay of bureaucracy and policy by the TSA?

Mr. ERVIN. Well, what we are told is that TSA would not share with Covenant, or the other contractor that tried to prescreen, the criteria that TSA assessment center used, and so we really don't know.

Mr. DEFAZIO. But NCS-Pearson administers those tests, so did NCS-Pearson come up with the criteria or did TSA come up with the criteria?

Mr. ERVIN. I don't know the answer to that.

Mr. DEFAZIO. OK. Because we have got this confusing situation. You have on one end a private contractor who wants better information, you have got the TSA in the middle, and then you have another private contractor who is the one who failed them. There is some problem here, and I can't quite get to it.

Admiral, do you have any insight into that problem?

Admiral STONE. Yes. That is an issue of communication between TSA providing the visibility it needs to provide so that we can get

that hiring process more efficiently done. So the effort of the organization has been local testing, not just covert testing from headquarters, but local testing, so those kits are now out there in the field so our FSDs can conduct their own daily testing; local training rather than being dependent on contract companies to come and train you, you have your own master training and have that FSD be empowered to train and evaluate his or her own personnel; to have the threat information projection system at all of our airports, which it now is, so that each screener can punch in their code at the x-ray machine and then have the FSD be able to score and see how that individual screener is performing; and then local hiring. If you go to Boston Airport today, with the great Federal security director that we have there, George Nicara, you will find that that airport is our model airport for moving down the road for local hiring.

We could not agree more that the secret to success for TSA is local testing, training, hiring, and empowerment of the FSD at the local level.

Mr. DEFAZIO. How soon can we spread that from Boston to other airports?

Admiral STONE. Right now we are looking at that because we are keen to set up other hubs throughout the Country where we can make that hiring process much quicker than it is today.

Mr. ERVIN. Mr. DeFazio, if I could just add something. On the discrete issue of prescreening, whether it is TSA that sets the criteria or whether it is the contractor that does so, it seems to us that those criteria ought to be shared with the contractor so that they know in advance what the criteria are to increase the likelihood of the pass rate of those whom they prescreen. Prescreening is a good idea, provided the criteria are shared with the contractors.

Mr. DEFAZIO. Right. We are certainly entrusting that contractor with a whole host of other classified but nonclassified burdens and duties and information to run these services at the airport, so I don't understand why we would have a problem sharing that.

Mr. ERVIN. Exactly.

Admiral STONE. I couldn't agree more. That partnership is key, and that is why we are meeting with the private company leadership to make sure that we are doing just that.

Mr. DEFAZIO. One other issue. I realize my time has expired and I may have a second round. When the Chairman raised the issue, I think there is some confusion again, and I am really bent out of shape by this arbitrary mandate by the Appropriations Committee that you are reduced to 45,000. Even though we have Mr. Menendez, Ms. Berkley and others coming in here and telling us about unacceptable waits in lines, you are in the process of reducing the number of allowed personnel screeners under the TSA, is that correct?

Admiral STONE. We are already there. We are below the 45,000 cap and we are hiring up to it at those airports that need to ensure that they have the screeners to do 100 percent electronic. That is our number one priority and we are going to do that, and that will bring us roughly up to the 45,000 cap number. So what you see today at our Nation's airports is 45,000 screeners, roughly, and

now we need to do the shaping. We have got some airports that have too many screeners and others too few, and so we are in that process of readjusting that and then putting out the new allocation of here is what your airport looks like at 45,000 cap. Right now those airports have the numbers that are the 49,600 allocation, and so when you see news articles or things related to why they are short, they are comparing it to the old 49,600 structure that we had.

Mr. DEFAZIO. And this was not recommended by TSA; this was not recommended by the Administration. The 45,000 cap was an arbitrary number? I don't want to put words in your mouth, but was a number chosen by Congress?

Admiral STONE. It was my understanding that due to the demonstrated inefficiencies and ineffectiveness, that TSA was given a number so that we could demonstrate that we could be efficient and effective, and so at 45,000 we are required then to report how that is working for us at our Nation's airports. So I owe a report to Chairman Rogers and to my leadership at DHS.

Mr. DEFAZIO. And will you have that report of the feasibility of meeting the needs, mitigating the lines and the waits and the other concerns to the Chairman before we go through this year's appropriation cycle?

Admiral STONE. I am working right now so that I get the right numbers on what those allocations should be with the airport groups, the AAAE, the ACI, the Airline Association, the experts that know the particular airports to work with them to detail for each airport what should be the appropriate level, and also to get a vision of what is the capacity. When you look at an airport, for instance, like Dulles, just last week I had the leadership come in from Dulles and brief me that as a result of the increased growth at that airport, Dulles today would be akin in the summer to New Orleans International Airport being put on top of Dulles. That is the kind of growth as a result of the low fare carrier at Dulles. So those capacity issues I need to understand. I am asking for that partnership from the airlines and the airports to understand that capacity and growth so that we can then provide that number.

Mr. DEFAZIO. But we started out at 55.6, and then that was reduced to 49.6. But the number 45, to the best of my knowledge, and I will characterize it from my side, was chosen out of thin air by the Appropriations Committee and they just said this is your number, you go to this number. There wasn't a recommendation by the Administration that we go to 45, is that correct, it did not recommend that number?

Admiral STONE. It was my understanding that the number was determined based on giving TSA a reasonable target to demonstrate efficiency.

Mr. DEFAZIO. Right. But that is reasonable or arbitrary, however you want to look at it. It wasn't based on any request of the Administration, on demonstrated needs, any statistical quantification of wait times. In fact, as I understand, the secretary has discarded the wait time criteria of 10 minutes, isn't that correct? We no longer have that.

Admiral STONE. No. In fact, Representative Pearce asked about that. We currently have, for March and April, the national average

peak wait times: for the month of March, 12 minutes; for the month of April, 11.8 minutes. And then we have airports that are listed that drive that average up, for instances, airports such as Honolulu, Miami, Atlanta, Las Vegas.

Mr. DEFAZIO. Washington National.

Admiral STONE. Yes. And so we have that. We are tracking that carefully. We will note that we have not discarded that.

Mr. DEFAZIO. Well, averages are sometimes deceptive, and I would be interested in how the averages are reached.

Mr. MICA. Will the gentleman yield?

Seventy percent of the air traffic goes through 30 airports in the United States each day.

Mr. DEFAZIO. Right. So the question is——

Mr. MICA. If you spread that over——

Mr. DEFAZIO. Right. Is that the average wait time per passenger or per airport. And I would be interested. I won't get into that now, but I travel a lot, a couple hundred thousand miles a year. I would say rarely, if ever, do I encounter as little as a 12 minute wait time. But that is only flying 60, 70 times a year in various places around the Country. Maybe there is something going on in some other places I don't know about.

But my concern and my point is the number 45,000 was not built on, it wasn't looking at the needs, the increase in air traffic and all that, and setting a firm wait time criteria for all airports individually, as opposed to some sort of aggregate average, it was dictated, and you are doing your best to get there.

Admiral STONE. Right. It was my understanding it was a number that was determined as a result of let us make sure we are making efficient, effective use of the taxpayers money.

Mr. DEFAZIO. Now, I know you don't want to upset our friends on the Appropriations Committee. Neither do I. But I just want to make the point that when we see lines getting longer and longer, and you are at your cap, there is not a lot of alternatives out there. Maybe you can shuffle some people around and drive up the wait times at other smaller airports or at different airports, and mitigate them a little bit at the bigger airports, but it is hard. You can't have a team of people you move around the Country on a seasonal basis like to Florida in the wintertime and to somewhere else in the summertime, unless you are going to provide some sort of extraordinary housing benefits or something else for these people. I don't know.

Admiral STONE. And that is why this partnership with the civil aviation partnership with those organizations is key. We need to get the number by the people that know what it should be and what the growth is, and we are doing just that.

Mr. DEFAZIO. Thank you, Mr. Chairman, you have been very generous. I am well over my time.

Mr. MICA. Thank you.

Mr. Baker, I know you have to leave. Go ahead.

Mr. BAKER. Thank you very much, Mr. Chairman. I appreciate your courtesy.

Admiral, I just want to get a clear understanding as to checking efficiencies, protecting concerns of security, making modifications to organizational structure. Is there a sufficiently broad grant of au-

thority to you and the agency to engage in any policy changes you feel would be advisable or are there statutory constraints which would constrain your ability to make the organizational changes you feel appropriate?

Admiral STONE. I think there is the flexibility within the current parameters to allow TSA to be creative, innovative, remove the layers between headquarters and the field, and empower the Federal security directors and have them partner effectively with local leadership to get the right answer for each tailored airport.

Mr. BAKER. Then in that regard, I suggested at an earlier hearing on this subject, given the constraints with which the field personnel have to operate, and I will not enumerate the examples previously granted, but there were clearly times when movement of passengers could have been facilitated, but because of the line-by-line requirements that the individual inspector must abide by or resultingly get written up, needless processes and, therefore, travelers' time was consumed while lines were growing. I have made the observation if it is a matter of trying to have a uniform protocol, where everybody knows what to do in every situation, understandable. But it would seem that there would be a sufficient reason, given all the variables that these screeners must come in contact with, that at least the supervisor, or some person on duty in charge, could be consulted with or asked is it appropriate to do X or Y in this case, and a grant of authority given by that person so that the routine security personnel would not feel they were at personal professional risk by allowing something that was obviously not a threat to proceed through the check-in.

So, one, a grant of authority to some field personnel to be, in effect, an appellate resource or a place where a traveler could go to get relief from a particular problem would be a great advantage. And I fly in and out of Baton Rouge, and it is a very small airport. We certainly don't have the problems the Chairman or other members have with high volume, but I can tell you on a given morning we never know what the wait line will look like when we get to that airport; it can be a matter of a couple of minutes, it can be 30 minutes, and all too often it is some little abhorrent thing that has occurred that has caused things to back up. And if there was someone given managerial authority at that location to make judgments, I think it would greatly enhance the ability to flow.

Secondly, as to the international consolidation of security corporations, there are sufficient number of nondomestic providers who now are on contract, for example, with the Department of Defense to provide security services to extremely sensitive areas of our Government. As I now understand it, the TSA has a prohibition on a nondomestic owner being allowed to contract for security services for fear of who those non-U.S. owners may represent.

It seems to me that if you have a very large domestically owned security company, they can employ whoever they want. So the threat of risk from a terrorist-driven enterprise or person exists even within the domestically-owned corporation. It would seem a competitive advantage for us to open the process up as broadly as possible to have, subject to TSA screening and background checks, as many people providing services as are possible to get the best qualified people at the lowest price to do the job.

Hence, the reason for my initial question. If you have the authority and feel not inappropriately fettered by congressional statute, these are changes I think which could be implemented to provide higher levels of service at a quicker time at lower cost and greatly enhance the movement of passengers and services through the system.

And I don't expect a lengthy answer. I appreciate the Chairman's courtesy in allowing me to perhaps speak out of order, but time constraints are what they are, and I appreciate your difficult task, Admiral.

Admiral STONE. Yes, sir. And I will look into making sure that we comply with the law related to that. And as we review the opt-out process and how we might best also organize our Federal airports in the future, the comments that you made will be part of this dialogue that we have in the coming weeks on that.

With regard to empowerment of the local FSD and having people make decisions locally, having been a Federal security director under the old private contract screeners, and then also been one with the new Federalized screeners, the difference is night and day. I have been there on the line; I have seen the checks; I have been part of the covert testing for both. There is no comparison between what we had in the past at LAX, for instance, and what we have today. And a lot of that is due to the unity of command of having a Federal security director there to lead people, the clarity of the mission that is provided by that Federal entity, the standard operating procedures that we have, but also under that system the ability of leaders to be out, like Ken Cusprison at Minneapolis, St. Paul or Ed Gomez at San Francisco, to lead people, to make judgment calls, to make sure we do the right thing. And so we are totally committed to making sure that local empowerment to these leaders that we have entrusted for the security of these airports is a major theme and emphasis point for TSA.

Mr. BAKER. Thank you, sir.

Mr. MICA. I thank the gentleman.

Ms. Johnson?

Ms. JOHNSON. Thank you very much, Mr. Chairman.

Admiral Stone, the BearingPoint study points to the fact that private screening companies are not required to staff with a specified number of full-time or part-time employees, and can use various staffing models such as split shifts and management of downtime. Is TSA planning to grant similar authority to Federal model airports? And if not, why not?

Admiral STONE. Thank you for that question. We are going to be capitalizing on these best practices that we have seen to ensure that our Federal security directors, whether they are at a privatized airport or a Federalized airport, are able to benefit from this. So that that flexibility in scheduling their workforce, their ability to manage a pot of money and then use those resources as they see fit to tailor their airport I think is a critical way for us to approach this both at the Federalized and the privatized airports.

Ms. JOHNSON. One further question. Due to the lack of TSA-authorized administrative support personnel, Federal airports often use screener personnel to perform administrative tasks such as HR

and payroll support, and that private contractors use less expensive administrative staff to perform these functions, is TSA planning to allow Federal model airports to hire less expensive administrative personnel to perform nonscreening functions?

Admiral STONE. That issue that you have addressed is indeed an important one for us. We currently have today at our Nation's airports a number of our screeners that take part and serve duties as training assistants and then go back on line, and so they are used sort of with two hats to provide assistance for human resources. You can go to an airport like LAX, where you have roughly 2,000 screeners, you have two human resources staff assigned to it.

We believe we have, for the most part, across the Nation a very lean and mean oversight staff, as I just indicated by the example there at LAX; you have two management personnel on staff doing training, two doing human resources. And so we found the need to go out into the workforce and find the best and brightest people that are doing screening who also are willing to use those talents to help us, whether it be in human resources or training or just overall security management. And so as we look at how that is affecting our screening force with a cap of 45,000, it will be part of our recommendation process for what is the right model for an airport for both staff and screener numbers, since in fact that is how we are routinely doing business today.

Ms. JOHNSON. Just a final question. Do you plan to change any of the hiring practices, decentralizing? Have you thought about that?

Admiral STONE. Yes. We think it is critical that we decentralize the training, testing, and hiring, and empower the Federal security directors so that they are not micromanaged from Washington, D.C., and that we allow them to have funds that they can then control locally to make sure their airports are tailored to their specific needs.

Ms. JOHNSON. Thank you very much.

Mr. MICA. I thank the gentlelady.

Mr. Oberstar?

Mr. OBERSTAR. Thank you, Mr. Chairman.

I think one of the most important parts of your testimony, Admiral Stone and Inspector General Ervin, is the observation that the TSA needs to establish performance standards, program standards by which to measure achievement that will be applied both to the privately operated and to the Federalized facilities. Without those performance standards, we are not going to be able to evaluate adequately. And in setting the performance standards, you need, as the FAA has been directed to do with the new structure of an operating officer, to evaluate each airport at its peak load times, its down times, and how many personnel you need at those times, and then the rotation of personnel from online screening to training to provide some diversion from the routineness of day-to-day operations.

One of the lessons of European airport security screening in the 1990's was this rotation of personnel for a week or two weeks or a few months to another task within the airport, and then bringing them back after retraining and reevaluating their skills and put-

ting them back at the screener positions. I think that is something you need to establish.

What I have been concerned about, though, is that there might be a bias, and I am very encouraged by Chairman Mica's statement there is no thought, no purpose of pushing this screener program in the direction of total privatization. But I just also want to hear your assurance that TSA will not give preferential treatment to those airports who choose to opt out over those that choose to stay in.

Admiral STONE. Yes, sir, you have my assurance we will not give that preferential treatment.

Mr. OBERSTAR. Especially when it comes to levels of staffing and standards?

Admiral STONE. Our intent on that, definitely not on standards. In terms of staffing, what we would like to see, if we could craft, is a process by which our Federalized airports, as well as our privatized airports, are able to adjust their hiring locally so the FSD can make that choice on efficient use of resources and adjusting their screener numbers, and whether or not they would like to hire nonscreener baggage handlers. So we see an opportunity here to have both the Federal and the privatized leadership be able to make those adjustments. But I am totally committed to the non-preferential treatment, sir.

Mr. OBERSTAR. Inspector General Ervin, does that satisfy you?

Mr. ERVIN. I am pleased to hear that, Congressman, and certainly that is something that we will monitor.

Mr. OBERSTAR. Thank you.

Now, the covert testing I have some concerns, and there may be some things you may not want to answer in an open hearing, and that is pre-September 11 civil penalties program of FAA resulted in 94 percent of the civil penalties assessed against airlines being assessed for security failures by their privately engaged security companies. There was a covert testing program conducted regularly by FAA. Now the question: Is the covert testing program TSA is operating a step above substantial levels of rigor above that of FAA pre-September 11? And if so, have you measured what TSA is doing against how FAA conducted that security program?

Admiral STONE. It is our position at TSA that the program of testing that was being conducted in the 1990's that you refer to was in no way even comparable to the testing that we are doing today, it is an apple and an orange. We are building our program to be a state-of-the-art, what is our weakness, let us break it, let us break the system. Every opportunity we get and expose to ourselves in our covert testing program where are our weaknesses. We are not looking to have numbers that justify our existence. Instead, we are looking to find out, so as operators and warriors in this war on terror, where are we weak; what kind of technologies do we need, what type of remedial training. And then we plot how are we doing, even with this tough testing, and we have had a 70 percent increase, in the 18 months since we Federalized those checkpoints, on overall performance.

However, in a classified setting, I would like the opportunity to provide where is it that we still find that as a result of this very demanding testing that we are doing, that there are areas where

we need some additional help with regard to either training and focus or on technology. But our view, the TSA view of the previous testing was large guns, not very creative, tests that today would be rudimentary for our screening force. So what we have today, in the TSA view, is a high-tech organization where, when we did our recertification training, 99 percent recertification of our screeners was just completed. Tip, we are finding that our tip scores, which now we can monitor, allow us to get the insight into the daily performance of our screeners. There are a number of metrics.

We just had a survey done by BearingPoint that I would like to provide the Chairman that was conducted in the area of what is the confidence of the American people in your level of security at your checkpoints? Do they think it is acceptable, meets expectations? Ninety-two percent of the traveling public surveyed by an independent industry says that TSA meets or exceeds their expectations. And we take those data points. I think the customer service satisfaction from those sampled was 86 percent. Now, we realize we want 100 percent, and we are going to work on that other metric, but these indicators, these metrics that we are measuring are very important to us so that we can then go back and train our screening force to ensure that it continues to improve, whether it be security or customer service. And, in fact, the rise in aviation industry and volume of flights, we believe, is in direct correlation to the enhanced security we are providing and the consumers' trust and confidence in our security, and that is why we are seeing some of these increases this summer. And that is our position.

Mr. OBERSTAR. Thank you.

Mr. ERVIN. Sir, may I interject on that?

Mr. OBERSTAR. Inspector General.

Mr. ERVIN. As you know, TSA does its own testing, and then the Office of Inspector General does our own testing. I will let Admiral Stone talk about TSA's testing vis-a-vis the FAA testing, but with regard to our penetration testing, we purposely designed our methodology in a way that was, for all practical purposes, comparable to, equal to the testing methodology of DOT-OIG when TSA was the responsibility of the Department of Transportation. And, as I said, the results were essentially the same.

The 70 percent overall increased performance level that the Admiral has twice now mentioned is the first time I have ever heard of it, and I don't know what that is based on. But with regard to our testing, it is comparable to DOT-OIG, and the difference is infinitesimal.

Mr. OBERSTAR. Well, I find it very encouraging that you, General Ervin, have patterned your testing program after that of the DOT-OIG, because I know that program was very rigorous and very effective.

Now, how does all of this square with Admiral Loy's testimony? From my handwritten notes of last time he appeared before the committee, we picked up a million illegal items, or seized a million illegal items at airports from the time that TSA began operating, 54,000 box cutters, and made 1700 arrests. If the operation of screeners is unsatisfactory, then there must be an awful lot more stuff going through, or maybe that among those million items seized are lots of fingernail clippers with little fingernail files at-

tached to them that were considered to be a threat in the early days. I remember so well; I had several of them confiscated. I carry them along just to see what someone would do, and they routinely seized my little fingernail clipper with that little file this long, while box cutters were getting through. Why?

Admiral STONE. I think this is in sync with Admiral Loy's testimony that we realized that that checkpoint that that is a filter, it is not foolproof. We think it has had a quantum leap and continues to grow in terms of the performance at that checkpoint, but it also reflects why we have the layers of Federal air marshals, Federal flight deck officers, hardened cockpit doors, all of those layers of security to ensure that we mitigate the risk should anything get through that checkpoint. So it is just one piece of that filter.

And I would be glad to provide the IG the metrics of that 70 percent improvement that is very clearly delineated in our testing trends.

Mr. OBERSTAR. Now, I cited earlier the experience I had at Charles de Gaulle when I requested a review of their security system, and in discussion with Chairman Mica, he said, well, they do use private contractor firms. My point was to show the level of intensity and the multilayered security that is used at Charles de Gaulle that should be our model for effectiveness of security at airport checkpoints, in addition to which they are screening the day-lights out of checked luggage on board aircraft and packages, which we are not doing.

But in the Charles de Gaulle model, while those employees are contractors or with a contractor company, they are rigorously overseen by the equivalent of our county sheriff, who was there and went through the screening system himself, and had not only his ID run through the reader and show up on a big screen so that his face on the screen matched his face in person, but also stepped through and then put his thumb down to get a thumb print read to match with that on record, and then to be full-body screened, as all of us were. That is a great standard to have. And then also a very highly effective x-ray screening of carry-on baggage at the security checkpoint and then again as you board the aircraft.

Admiral STONE. The checked baggage piece, as well, we meet regularly, we are meeting with the French and the UK and partnering on building on each other's best practices. Our checked baggage there is great interest in as well from their perspective because of the number of CTX machines and the granularity of our check, as opposed to the filtering that takes place through x-ray machines vice the CTX machines that we use here that believe provide us a higher level of security. And so that exchange is ongoing to capitalize on each other's best practices.

Mr. OBERSTAR. One last question, Mr. Chairman. Thank you for the time.

General Ervin, can you rate the difficulty of establishing performance standards and discuss how that might be done and how long a period of time might take to achieve that goal?

Mr. ERVIN. Well, sir, I think that, first of all, a baseline needs to be established; this is where we are at this point. And I think we have the data with which to do that. And then to determine

what could reasonably be done within six months, within a year or so; and then to manage towards that standard.

Mr. OBERSTAR. Can we get to a point, Admiral Stone, where we are not taking two million pairs of shoes off every day at the airports?

Admiral STONE. I think part of this has——

Mr. OBERSTAR. People are going to wind up with foot disease here. You are going to have a real case of——

Admiral STONE. Sir, when we go to Atlanta at our research lab up there, we have some devices that we are concerned about shoes, and we would like, in the covert testing program, to brief that.

Mr. OBERSTAR. I would think you would have found out now which shoes are likely to harbor an unknown bomb and which aren't, and you could have machines that could tell that, rather than—we are going to have people stripping down to their skivvies pretty soon, if you continue on this standard. I think we need performance standards, as General Ervin is suggesting.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Ms. Norton?

Ms. NORTON. Thank you very much, Mr. Chairman.

Admiral Stone, I hope you have anticipated the question I am about to ask, because the last time we met was at a hearing that Chairman Mica called, and he indicated that this was an issue he was not going to let go. Our own subcommittee chair was equally persistent on this issue, and, of course, it concerns general aviation at Ronald Reagan Airport. You will recall that hearing was March 16th of this year, and in response to our concern that already general aviation had been closed since 9/11, a kind of embarrassment to our national government that it is the only general aviation still closed in the entire Country, sending the message that we cannot protect general aviation charter service in the Nation's capitol, the only capitol in the world that appears to have that problem, not to mention the inconvenience to one of the most important regions in the Country, not only because of the Federal Government, but because it is one of the economic engines to our Country in the private sector. So there was equal concern, I think it is fair to say, on both sides of the table on March 16th.

My staff has written down what your response was, that you would be meeting with various contingents within the Department of Homeland Security. We were astonished with how many contingents there were, but we had every faith in your ability to meet with them all and get this underway. You said it would happen within a couple of weeks. Since it has now been over a month, I think we are within our rights to ask. One of the reasons, of course, for the concern of the committee is not simply the underlying issue, but, of course, this committee has taken action, and this action has been signed into law. And I ask you to remember that this law says, and I am just going to quote you the relevant parts of the statute. Notice that we put this right in the secretary's lap because we had not been able to get answers from other parts of the bureaucracy. "Shall develop and implement a security plan to permit general aviation aircraft to land and take off at Ronald Reagan-Washington National Airport."

So I ask you this afternoon what progress have you made to comply with the law.

Admiral STONE. Thank you, ma'am, for asking that question. Approximately 15 days after that hearing I went up and briefed the Department on a risk mitigation plan for the reopening of general aviation at Reagan Airport. It encompassed the three areas that I said it would. It addressed the criticality of the assets in the area of Reagan, which is basically within seconds of our national command authority, our political leadership in this Country, and so those criticality of assets, the White House, the Congress, the Pentagon were all included in that brief.

Additionally, a threat brief was given as part of that, a companion threat brief that I would like the opportunity, and I mentioned to Representative Hayes earlier today, to provide you that updated threat briefing that takes into consideration events that have taken place in Madrid, and also with regard to our overview of the threat situation here in our Nation's Capitol, as we lead up to our own national elections. So I would like the opportunity to provide that threat briefing, which is a key component of the risk-based decision of reopening at Reagan.

And then the other piece has to do with the vulnerability assessment as a result of our risk mitigation plan. Yesterday I provided an updated brief to Under Secretary Hutchinson. He asked me to put in some additional costing figures and also to run that by a couple of the other entities, Secret Service and others, who had been at the previous meeting to ensure that that risk mitigation plan in fact had been reviewed, and then at that point the Under Secretary will have that. And I will keep you closely informed on how that is progressing. I would very much like to provide the—

Ms. NORTON. So in response to my question, you are saying to us that a risk mitigation plan for reopening general aviation at Ronald Reagan National Airport is now being developed?

Admiral STONE. It has been briefed, and the context of it is threat, vulnerability, and criticality of assets. And the Under Secretary has taken that briefing from me and asked me to add a couple additional items in there, and so that has been moving along as I promised it would be.

Ms. NORTON. All I am trying to ascertain, the threats are, of course, what one has to take into account. What we are particularly interested in is that the security plan have in it what it is that the industry is supposed to do in order to be able to land and take off there. And so when you keep talking about threats, that is all we heard before was threats, and nobody was indeed dealing with a plan that would handle the threats so that we could open general aviation. And what I am saying is how far are we to opening general aviation? That was my question. How close are we to opening general aviation at Ronald Reagan Airport?

Admiral STONE. The TSA position is the one of the key three components on the timeline for doing that, and I would like the opportunity to provide you with an updated threat brief since that affects that timeline. The risk mitigation plan, however, is built and has been provided to the Department.

Ms. NORTON. You do have a time line, however. You have a timeline, it is just that you want to make sure we understand the threats?

Admiral STONE. It is within that briefing, and I would like to make sure that, in that context, that we update you on that.

Ms. NORTON. And that is going to be part of the overall briefing, the classified briefing, the security briefing that you intend to give?

Admiral STONE. We would like to incorporate in the threat briefing with you some additional comments in that closed session, yes.

Ms. NORTON. Thank you, Mr. Chairman. I hope that that session can be held forthwith.

Mr. MICA. Mr. DeFazio?

Mr. DEFAZIO. Thank you, Mr. Chairman.

Admiral, there was a recent article in The Washington Post about the desires of Pittsburgh Airport to allow people into the concourse to go shopping. I have a few concerns about this. Obviously, first and foremost is security concern; secondly is the fact that we have had a lot of discussion here about lines and inconvenience, and people are going shopping. They may be in a hurry, but they don't quite have the strictures of someone who has to get on an airplane. So I want to sort of assess your intentions here.

My position would be if an airport wants to open up its concourse for shopping, shoppers who are not getting on airplanes, then, first off, we have to be sure it is not a security problem; secondly, I would suggest that in all probability they should provide a duplicate set of equipment at their own expense to give the identical screening; they should pay for the cost of that screening, because this does not provide a public benefit in terms of air safety, air travel. What is your position on that?

Admiral STONE. Our position is that we were approached on this by Pittsburgh Airport. We looked at it from the standpoint of 20 years from now what do we expect our Nation's airports to look like; will there be technologies available for us to be able to have commercial venues within the confines of the sterile area? We agreed with Pittsburgh that as long as there was no security impact, that we would like to think out of the box and try to craft with them a pilot, perhaps include biometric, perhaps not; perhaps the airport will provide, as you indicated, metal detectors. But what we did not want to say is no, we want to have blinders on, or not talk about what can be done to ensure security is fully maintained while at the same time looking at what technologies and what ideas may be available for us to glean from this pilot.

And so I am in full agreement with you, sir, there will be no impact on the security posture at that airport. We are going to closely review whatever is proposed. But we wanted to make sure—

Mr. DEFAZIO. And no impact on the traveling public in terms of them being further delayed because 10 people in front of them in line want to go shopping.

Admiral STONE. I firmly believe that that is both TSA's and the airport's intent, that is there something with use of technologies, new approaches, fresh thinking so that you can look at this with an eye towards what is the art of the possible, what technologies exist. And so we wanted to be innovative and creative, and not just say no, and have that dialogue with them to look at what could be

done for a pilot, and we are committed to meeting with them next week to talk about that.

Mr. DEFAZIO. That brings up the other issue again I have asked you before, I have asked your predecessor, I have asked the GAO, I ask everybody. I would like a list of the airports in the United States of America that allow free access with only an identification badge to vendors and other employees into the secure area. I believe this is an extraordinary threat. Now, it is not just me. We have First Choice Airways, a British-based airways, who says it is therefore unacceptable to permit employees to have access to screened passengers and secure aircraft without having undergone the same level of personal screening and scanning as the passengers and crew. I pointed out before the irony of this. We know who the pilot is. We know who the flight attendants are. They have to, at most airports, although apparently not at some others, but at most airports they have got to go through screening. We are perhaps making some absolutely minimal progress towards a pilot program for frequent traveler cards, which the Chairman and I have both been advocating for three or four years now.

But the airport employees, people who have a high turnover rate working at the fast food places and other places, the fact that I witness them wearing winter coats, filing through without any sort of scrutiny whatsoever, except flashing a picture ID at someone who doesn't know them I just think it is an extraordinary problem, and I would at least like to know how big the problem is. I have sat down with the airports who have concerns about lengthening the lines and/or people that work at the airport who have to have frequent access, they have to go back and forth between, and I think there are ways to work with that. But it is ironic that now we are considering ways to get shoppers in, but we are going to scrutinize the shoppers, but you still would have the people who are serving the shoppers filing in and out of the airport without any scrutiny whatsoever.

And now First Choice Airways sent this letter to Asa Hutchinson the 4th of March. It apparently has not yet had a response, but they are expressing the concern I have expressed, and they say they may have to demand or implement gate screening because they are concerned about people bringing weapons or explosives who are employees, either through coercion, through bribery, or because they are a bad person; otherwise, who got through the minimal security background checks we give these people, and provide them to passengers who have been screened. Or maybe they carried an e-ticket with them and they are going to get on the plane themselves; we don't know.

Admiral STONE. In response to your previous questions, what we have done on that is the airport security plans, the ASPAs for those airports, we have gone back to the Federal security directors to ensure that they report back to us the big burger folks that you had mentioned is the term from the last hearing, that in fact that we have consistency at these airports of those individuals going through the checkpoints and being screened much like they are at Phoenix and LAX. What we have got now is also the regulatory agents at our airports going out to verify the airport security plans, what doors are opened, what is the individual procedures at that

airport for access into the sterile areas so that we can build the comprehensive list of where do we see some deviations here with regard to the process. I owe you that list of those airports. I am also working with the airport associations themselves to help me get that list, since it is complex, with regard to which doors open and who has access to it.

Mr. DEFAZIO. Well, Detroit, they have a special little hallway people file through; I have seen that. I have heard testimony about other airports. At my own airport I see the person who sells newspapers taking her shoes off and stand in front of me in the security line. So it shouldn't be too hard for the FSDs to say, no, at our airport none of them go through security, some of them go through security, or all of them go through security. But I appreciate your working on it.

Inspector General?

Mr. ERVIN. Mr. DeFazio, I would just like to add that we too are concerned about the huge potential vulnerability here, and so we are going to be starting a job on the degree to which vendors and other airport personnel have access to secure areas without being screened shortly, and we would be happy to brief the subcommittee on the results of our work once we are done. But we certainly share the concern.

Mr. DEFAZIO. Great. Thank you. Thank you for undertaking that task.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Just in closing, one of the things that I got to do was visit the Atlantic City Center, and the Inspector General testified that we have equally poorly performing screening systems, and part of that, of course, I think the resolution that Mr. DeFazio has talked about is trying since 1987 to get better technology in place. We are dealing with 1960 and 1970 technology. When I visited Atlantic City, I asked also for six or eight major vendors that are currently having equipment testing to meet with me and find out what is going on from their standpoint, of part of their R&D money was getting to them and how the programs were progressing.

Some of my observations were interesting. And, first of all, the problem that the development programs have been delayed is not all TSA's fault, it is mostly Congress' fault. Some of the money that I put in the first TSA bill or authorized in the first TSA bill was diverted, and the second time money was taken and also diverted for salaries, and you were shortchanged. Now we have a significant amount of money available for R&D.

But the problem that I am told from the private sector is that there are technologies available that will do a much better job in detecting threats, weapons and explosives. It has been tested, but you aren't buying it. And there is no long-term strategic plan for changing out the old equipment. So why would the private sector continue to participate or develop something that isn't going to be purchased? So I know some of this is more expensive, but it can be deployed and provide, where we have risks, a much better detection rate. And some of the problems relating to civil liberties and privacy can be addressed. But there is no long-term strategic plan for acquiring that.

You have not purchased any equipment, really, to date, or at least when I was there, as of that date, new generation equipment or equipment that has been tested to work. So we have got to have a long-term strategic plan in order to get the private sector to produce this equipment and we have got to deploy it, or we will continue to have equally poor results because we are using decades-old equipment and technology.

So I leave you with that thought. I don't have time even for a response since we have got votes.

I am going to recess this hearing until five after one, and I will excuse the panelists. I thank you for your participation, and we may have additional questions to submit to you.

Until five after one, the Subcommittee on Aviation stands in recess. Thank you.

[Recess.]

Mr. MICA. Call the subcommittee back to order.

We have before us our second panel of witnesses today: Mr. Norman Rabkin, Managing Director of Homeland Security and Justice Division of the U.S. General Accounting Office; and Mr. Patrick Pacious, Evaluation Director of BearingPoint, Inc.

I welcome both of you, and first I will recognize Mr.—why don't we have Patrick Pacious make your presentation first on the report, and then we will hear from GAO?

Welcome, sir, and you are recognized.

TESTIMONY OF NORMAN J. RABKIN, MANAGING DIRECTOR, HOMELAND SECURITY AND JUSTICE DIVISION, U.S. GENERAL ACCOUNTING OFFICE; AND PATRICK PACIOUS, EVALUATION DIRECTOR, BEARINGPOINT, INC.

Mr. PACIOUS. Thank you, Chairman Mica, Ranking Member DeFazio. Thank you for the opportunity today to discuss BearingPoint's evaluation of TSA's private screening pilot program.

TSA selected BearingPoint in October 2003 as an independent evaluator to conduct a scientifically sound assessment of Federal and private contractor screening performance. BearingPoint, working with Abt Associates, developed three criteria to measure performance: security effectiveness, cost, and customer and stakeholder impact.

During the planning and evaluation period, our team made 29 airport visits, conducted over 240 interviews with Federal and private sector personnel, held forums with external stakeholders, collected data, conducted statistical analysis, and developed our findings. The findings of this study must be viewed in the light of five key factors.

First, this study is best understood as a comparison of Government delivery of screening services to delivery by a public-private hybrid. In the private screening operations, each of the three evaluation criteria is influenced by Federal oversight and management.

Second, the design of the private screening program severely limits the opportunity for differences between the two models.

Third, the period in which the study was conducted as not a steady state environment. TSA and the contractors were in start-up phase.

Fourth, the airports selected for the program are small in number, five, and were chosen to provide variation in size, passenger type, and other characteristics. This small, nonrandom sample limits the ability of these findings to be generalized and extrapolated to other airports.

Finally, the data available for review and analysis is limited. No historical baseline data exists for the comparison, and many of the data collection systems were still evolving during the period study. While sufficient data was available to draw conclusions regarding the PP5 airports, the factors above limit the ability to generalize these conclusions to other airports.

Regarding the quantitative findings of our study, in general, our team found that privately screened airports met the ATSA standard to perform at the same level or better than federally screened airports. The statistical analysis provided no evidence that they are not meeting this standard.

Findings in each of the three criteria areas are as follows:

In the area of security effectiveness, there is no evidence that the five privately screened airports performed below the Federal airports average. However, there is credible evidence that Kansas City is outperforming the average level of its Federal counterparts.

In the area of cost to the Government, cost for the five privately screened airports were not significantly different from the estimated cost of a Federal screening operation at that same airport.

In the area of customer satisfaction, performance of the five privately screened airports compared to the federally screened airports was mixed in the larger airports and inconclusive in the smaller airports.

In addition, a qualitative satisfaction survey of airport managers and air carriers revealed no difference between the two models.

As a result of our field interviews, we also developed a number of qualitative observations. We identified the current strengths of each model. Some of the strengths of the Federal screening model include: fewer layers of management, clearly defined roles and responsibilities, and the ability to efficiently shift resources between Federal airports.

The strengths of the private screening model include increased flexibility in the scheduling of screeners, more efficient use of personnel to perform nonscreening functions such as baggage handling and administrative support, and a contract vehicle that provides greater visibility into operational performance.

We also identified a number of program improvement initiatives for both private and Federal models in a companion report. Specifically, these initiatives include transitioning from a centralized structure to one of more field control and authority over staffing, assessment, training, and workforce management; and improving headquarters-to-field communications.

In conclusion, if TSA desires a more robust comparison of private screening operations to Federal screening in the future, it should consider three steps: first, allow more flexibility at the private screening operations in a controlled manner; second, provide a larger, well-designed sample of airports; and, third improve its data collection systems.

Chairman Mica, Congressman DeFazio, members of the subcommittee, this concludes my prepared statement. I would like to have my written statement submitted for the record. And I look forward to answering any questions you may have.

Thank you, Mr. Chairman.

Mr. MICA. Without objection, your entire statement will be included in the record.

We will now turn to Norman Rabkin, Managing Director of Homeland Security and Justice Division of USGA.

Welcome, sir. You are recognized.

Mr. RABKIN. Thank you, Mr. Chairman, Mr. DeFazio. Thanks for inviting me to participate in today's hearing to discuss TSA's contractor-run screening program. The program was to test the effectiveness of increased operational flexibility the contractors may provide.

My statement addresses TSA's implementation and evaluation of the contract screening pilot program. It is based on preliminary observations from our ongoing reviews of TSA's passenger screening program. Here are the three main points from my statement.

First, a key limitation of the contractor screening program is that it wasn't established to enable TSA to effectively evaluate the differences in the performance of the Federal and contractor screeners, and the reasons for those differences. TSA provided the contractors with little opportunity to demonstrate innovations, achieve efficiencies, and implement initiatives that go beyond the requirements of ATSA.

Because TSA requires the contractors and FSDs at airports with Federal screeners to operate under the same procedures, they all faced many of the same challenges. For example, the contractors and FSDs had to rely on TSA to authorize the hiring of screeners and to establish the assessment centers where TSA interviews and tests the applicants. The inability to conduct hiring on an as-needed basis has limited contractors' ability to respond quickly to staffing shortages.

TSA officials told us that they had not granted contractor officials with more flexibility because TSA wanted to ensure that procedures were standardized, well coordinated, and consistently implemented in order to achieve a consistent level of security across all airports. On the other hand, TSA recently requested input from the contractors about the additional flexibilities they would like to implement, which suggests that TSA has reconsidered its earlier position.

My second point is that despite these overall limitations, contractors have implemented some airport-specific practices. For example, they have screened candidates before TSA has hired them at the assessment centers; they have selected screener supervisors from within their own workforce rather than relying on the decisions of TSA; and they have hired baggage handlers, as you have heard, in order to use baggage screeners more efficiently. Some of these practices have enabled the contractors to achieve efficiencies that are not currently available to FSDs at the airports with Federal screeners.

And the third point is that TSA has not yet gathered enough performance data to compare the performance of contractors and Fed-

eral screeners in detecting threat objects. The primary source of performance data are the results of the covert tests performed by TSA's office of internal affairs and program review, in which TSA undercover agents attempted to pass threat objects through screening checkpoints and in checked baggage. As you have heard earlier this morning, the IG also conducted those kinds of covert tests.

TSA is starting to routinely gather other data on screener performance such as data on how often screeners detect threat objects then they appear on x-ray screens and the results of screener recertification tests. Although results of covert tests conducted so far cannot be generalized either to the airports in which the tests have been conducted or to airports nationwide, they provide an indicator of screener performance in detecting threat objects. In general, they indicate that contractor and Federal screeners perform similarly, and that neither did a very good job in detecting threat objects.

Although TSA has recognized the need to improve the performance of both contractor and Federal screeners, and has taken steps in this direction, it hasn't yet set a target for how well screeners are to perform.

It is not surprising that TSA's performance data indicate little difference between Federal and contract screeners in detecting threat objects. It would have been informative to have an evaluation of a true pilot program where private screening contractors were provided with greater operational flexibility from the start. That could have assisted in identifying practices that lead to improved screener performance and hire security at the most efficient cost to the taxpayer.

Mr. Chairman, that concludes my statement. I would be pleased to answer questions.

Mr. MICA. I am going to yield immediately to the ranking member, Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Since you really, Mr. Pacious, didn't go into sort of a summary of the report, I just want to revisit a couple of the issues we raised with the earlier panel; things that you observed, particularly when you talk about the advantages of the constraints of the private screening models. Employee discipline and termination, we talked about this a little bit yesterday, and there is really no explanation why there is a barrier toward doing that more expeditiously in the Federal system that you could discern.

Mr. PACIOUS. That is correct, Congressman. That came from interviews with Federal FSDs who were overseeing both private and Federal models, and they described the ability to terminate employees for poor performance as being a more rapid process in the private side.

Mr. DEFAZIO. And then we had, again, another sort of puzzling question in our conversation yesterday, the flexibility in scheduling screeners. As I understand it, it is the issue of split shifts that is the major difference between how the privates can schedule and how the Feds are scheduling, and that is just basically because of some sort of regulation or rule or whatever personnel policy they have adopted on a discretionary basis?

Mr. PACIOUS. That is correct. We heard from the Federal FSDs that the policy prevents multiple split shifts in a single day. The

other important point to note is that during the course of the study, in the early part of the study TSA was not taking advantage of part-time workers as the private contractors were doing. That has been something that they have increased as the study period progressed, but that is another factor that may be contributing to that.

Mr. DEFAZIO. And then the point of personnel nonscreening functions. We had a little discussion earlier of baggage handlers, but you brought up different issues of administrative support personnel, where FSDs have had to use screener personnel to perform administrative tasks.

Now, if we have this problem where we have got these things going on with the centralized bureaucracy, why would they need to do that locally too?

Mr. PACIOUS. I think a lot of the requirements put on the Federal FSDs to document training, to support payroll, to administer human resource issues requires them to have personnel available to do that. And really when this issue was raised was when we looked at the cost model. We said if you were to Federalize this airport, could you do it with the same number of screeners? And the Federal FSDs said, well, if I had to have a Federal model in here, I wouldn't have the private contractor doing HR and payroll support, training documentation that they are doing today, and I would need additional resources to do that. And their Federal counterparts said they are using screeners to do that, and, in fact, we did observe that when we went to the Federal airports.

Mr. DEFAZIO. So they are actually diverting trained screeners to do these other functions, absorbing some substantial portion of their time that could be used on line, screening.

Mr. PACIOUS. That is correct. And as we stated in our report, in many cases they are using screeners who were on light duty to do this function, but in other cases we did observe screeners who were capable of being on the checkpoint actually doing some of these administrative functions.

Mr. DEFAZIO. The Chairman and I were talking earlier, when you raised the issue of light duty, and it is not mentioned in your report, but a fairly high rate of accident or injury due to the movement of sometimes rather large or heavy bags or boxes or things that are going onto planes. Did you come across any of them? And apparently now some of the five private screeners are beginning to use a somewhat separate category of baggage handler who is not a trained screener. Did you come across that?

Mr. PACIOUS. We did try to obtain from TSA information with regard to workforce-related injuries, but we were unable to get that information.

Mr. DEFAZIO. They just couldn't come up with it?

Mr. PACIOUS. Well, in many cases TSA is tracking this at an aggregate level and can't get it at the airport level, and for our study, what we were trying to achieve was an airport-to-airport comparison, which was really the primary goal, and in many cases the data is not available at the airport level.

Mr. DEFAZIO. So if the FSDs who were expressing frustration to you and in the GAO survey were given the same latitude or flexibility in terms of scheduling, dismissal, some sort of relief on the

issue of paperwork, do you see any inherent differences then between the contract model or the Federal model, if we could solve those problems?

Mr. PACIOUS. Many of those problems could be solved by policy changes. I think the areas where you are not going to be able to solve those problems is where you have the contract vehicle, where that is a strength in the private side because you are actually using performance-based contracts in the future. That would be a strength that would be in a private model. The other difference is the contractors are running one airport, one contractor is running two, so they are able to focus on a much smaller problem than TSA, which is trying to manage over 400 airports. So those differences, a local versus a more centralized structure, if policy changes and resource changes are made to push some of that authority out to the field, I think you could overcome some of those weaknesses.

Mr. DEFAZIO. Mr. Rabkin, do you have any comments on any of the points I raised there?

Mr. RABKIN. Well I agree that the FSDs at the Federalized airports have authority, and it is a question of whether TSA is going to allow them to use that authority to achieve a lot of the efficiencies that were talked about. Also, Admiral Stone talked about security being the main focus and factor that they want to consider before they grant any of these flexibilities, and it seems to us that there are flexibilities that can be granted that will not impact on the ability to provide the level of security that they are trying to provide. It is just a question of learning the lessons of allowing more innovation, overseeing it, and finding a way to evaluate the results of the innovations, reach a decision that it can be done elsewhere, and then enable other FSDs to adopt those practices.

Mr. DEFAZIO. Just in particular you talked about the hiring process for both the private and the Federal, and we had a little discussion, I don't know if you were here during the earlier panel, about this sort of prescreening that was done by Concept, and the fact that even when they prescreened, they had the same failure rate as the other nonprescreened, and sort of the lack of—it is an opaque process, apparently, and so their prescreening doesn't address whatever those concerns are. Is that all necessary or do you think that process could be made to work and we would still get qualified people who met the criteria?

Mr. RABKIN. Well, I haven't seen the criteria that TSA is using, but I can't imagine that it would be classified or that there is any reason why they shouldn't share it with the contractors or others that are doing the hiring. It would just seem to be a sensible business practice to do that to avoid putting people through process if you could screen them out ahead of time.

Mr. DEFAZIO. Right. So basically as, say as Congress did, we set some very basic criteria, which apparently have been expanded, as they always do when they write an administrative role, by either the contractor or under direction from TSA or TSA itself, and there is some list of criteria. And you are saying you don't see any reason why we couldn't make that available to contractors and/or, if we decentralize the Federal hiring process, to the local FSDs so that they could apply those criteria.

Mr. RABKIN. That is correct.

Mr. DEFAZIO. Mr. Pacious, did you come across that issue?

Mr. PACIOUS. We did come across it, and we heard from both the contractor, the FSD, and TSA that prescreening was not—basically they didn't improve the failure rate that they had when they went through the assessment process.

I will note that after our study was done, TSA did inform us that they have solicited input from the contractors on how they would do an assessment center themselves. I didn't see that solicitation, but I am assuming if I was asked to bid on that process or looked at doing it myself, you would have to tell me what the criteria are. So that would be something you might want to ask TSA or the contractors about, whether or not that information has been shared today.

Mr. DEFAZIO. Right. OK, thank you.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Mr. Pacious, you have prepared a supplemental report, screening operations program improvements report., and that will follow your—well, this is all, I guess, closely held. This is your evaluation report.

Now, I have the supplemental report that I didn't have yesterday. What is going to happen with your recommendations to your understanding, and what do you think are the most significant recommendations for improving performance, again, based on this document that you can reveal to us in public?

Mr. PACIOUS. We did submit that report to TSA, and they made comment on it and provided that back to us before we submitted the final version to them. It is my understanding that TSA is going to investigate many of these initiatives. It is important to note that these are not necessarily recommendations. In many cases this is an idea that we, in our study, deemed to be a good idea that TSA ought to investigate. And we do explain some of the pros and cons of moving some of the authority out to the field that TSA should look at before making these—

Mr. MICA. So decentralization is one of the prime recommendations?

Mr. PACIOUS. That is true.

Mr. MICA. And I think actually it was pretty unanimous. I was surprised, we rarely have unanimity on such a diverse panel, but everybody seems to believe that that is part of the solution.

Anything else?

Mr. PACIOUS. That is correct. We broke the document up into improvements that apply just to the PP5s and then improvements that apply to all airports. Both Federal and private would like to see local assessment. And when you talk to the contractors about it, some of them want to do it themselves, others want the local FSD involved. So there isn't unanimity as to exactly how to do it, and those are the things we recommend TSA look into, the different types of models they might use when they decentralize a function.

Mr. MICA. And I think you have also talked about maybe—I don't know if it is in this part of the report, but I think something you

might have mentioned, about having some incentives for the private sector and some rewards for good performance. Is that correct?

Mr. PACIOUS. That is correct. The private contractors do have an award fee pool that they are eligible for if they achieve certain objectives. What we recommend going forward is incentive-based contracts that link those objectives to specific monetary awards. As you heard a great deal of discussion this morning, and we would agree, there are not established baseline performance measures when you talk about operating an airport for overtime or other workforce management issues. Those are some of the measures that might be linked to an incentive-based award fee contract in the future.

Mr. MICA. Then I noticed from, again, this evaluation, I think it was mentioned by you all, too, that Kansas City had performed above average, and fortunately we heard from our previous witnesses that performance is lacking in detection capability. Is there anything unique? Now, I know Kansas City has a unique structure of the airport layout, but was there anything unique that you identified with that operation that might be part of a recommendation to look at that we could improve performance at other airports?

Mr. PACIOUS. We were unable to find a quantitative reason for why Kansas City outperformed, so we were left with looking at qualitative observations that may be involved. Obviously, the unique configuration of the airport may be a factor. It is also interesting to note that ITS, now FirstLine, was an incumbent, so they were doing screening prior to the creation of TSA. That may be a factor as well.

As I said, we didn't go and look at the screener level performance to understand has that particular screener been doing the job for two or three years and may have advanced further down on the learning effect that might have impacted that, but we are basically left with looking at qualitative reasons as to why that might be.

Mr. MICA. OK. Well, I appreciate both of you gentlemen, unless Mr. DeFazio had additional comments. We may have some additional questions that we may not be able to ask in this open session, but we appreciate your cooperation, and if there are no further questions, we will excuse you at this time and call our last panel of witnesses.

The last panel of witnesses, panel three, consists of Mr. Terrence Slaybaugh, Director of Aviation of Greater Rochester International Airport, Rochester, New York; Mr. Ronald Thomas, President and Chief Operating Officer at McNeil Technologies, with that firm located in Springfield, Virginia; Mr. George W. Larson, Airport Director of Jackson Hole Airport, Jackson, Wyoming; Mr. Philip Brown, Acting Director of Aviation at Kansas City International Airport, Kansas City, Missouri; Mr. John DeMell, President of FirstLine Transportation Security, Eastlake, Ohio; Mr. John Martin, Airport Director of San Francisco International Airport, San Francisco, California; Mr. Terry Anderson, Executive Director of Tupelo Regional Airport, Tupelo, Mississippi; and Mr. Gerald L. Berry, President of Covenant Aviation Security, Alexandria, Virginia.

I welcome all of our panelists. I thank you for your patience. This is a long hearing about a very important topic. Also, I don't think a whole lot of you have testified before us before. If you have a

lengthy statement, we will submit that by request in the record, the entire statement will be made part of the record, just a request through the Chair. And we ask you to condense your comments to the most salient points, again, given the long day and the large number of remaining witnesses.

So with that, we will recognize first Mr. Terrence Slaybaugh, Director of Aviation for Greater Rochester International Airport, Rochester, New York.

Welcome, and you are recognized.

TESTIMONY OF TERRENCE G. SLAYBAUGH, DIRECTOR OF AVIATION, GREATER ROCHESTER INTERNATIONAL AIRPORT, ROCHESTER, NY; RONALD THOMAS, PRESIDENT AND CHIEF OPERATING OFFICER, MC NEIL TECHNOLOGIES, INC., SPRINGFIELD, VA; GEORGE W. LARSON, AIRPORT DIRECTOR, JACKSON HOLE AIRPORT, JACKSON, WY; PHILIP BROWN, ACTING DIRECTOR OF AVIATION, KANSAS CITY INTERNATIONAL AIRPORT, KANSAS CITY, MO; JOHN DEMELL, PRESIDENT, FIRSTLINE TRANSPORTATION SECURITY, EAST-LAKE, OH; JOHN MARTIN, AIRPORT DIRECTOR, SAN FRANCISCO INTERNATIONAL AIRPORT, SAN FRANCISCO, CA; TERRY ANDERSON, EXECUTIVE DIRECTOR, TUPELO REGIONAL AIRPORT, TUPELO, MS; AND GERALD L. BERRY, PRESIDENT, COVENANT AVIATION SECURITY, LLC, ALEXANDRIA, VA

Mr. SLAYBAUGH. Thank you, Mr. Chairman. I want to thank you for inviting Rochester to share experiences for the past few years with the private screening program and the TSA.

Based upon Rochester's experience, we are convinced and continue to be convinced that private screening is a more efficient and effective way to protect the air traveling public, and to do so at a cost that is affordable to the industry.

While we are convinced that private screening is effective and efficient, we have not been able to say that conclusively because basically, as we have discussed today, the Federal workforce and the private workforce have both been managed in the same way by the TSA.

As a little bit of a background, Rochester has spent a lot of time studying the whole issue of private versus Federal screening. We did a report in March of 2003 analyzing the screening cost at Rochester. At that time, it showed that screening personnel cost was \$17 million, exceeding the airport budget by about \$4 million.

We have submitted a number of recommendations to the TSA and how that can be reduced. We have had no fewer than a dozen meetings and correspondence to the TSA regarding this, and have not seen any of the recommendations accepted or implemented.

The current pilot program, which we were very anxious to get involved in when it became official in the Act, has really been a pilot in name only. The TSA, at our airport, at least, makes all the decisions and the private screening company implements them. The airport staff, as well as the airlines, are pretty much excluded and have effectively been excluded from the process at our airport. The TSA often implements changes to the workforce at Rochester without informing the airport administration or the air carriers, and

often I have to initiate meetings with the TSA once they have made changes so that we can get an explanation as to how they have been made. And what we have seen through this process is that some of the best experience and knowledge that we have at our airport has been excluded from the pilot program and has not been involved in most of the major decisions with the program.

At Rochester, the TSA, as I have mentioned, has not embraced the staff and the airlines. If you look at the reading of a GAO report, 03-190, it appears to be the TSA operating philosophy and process, there is no mention of a role for airport directors and staff in the operations of the TSA. And I might want to note today, as I sit and listened to a lot of the testimony that was given here today, there was very little mentioned of the airport administrations or any interaction with the airport administrations in looking at the pilot program.

To give you an example, the TSA has held meetings with the FSDs of the PP5 program over the last year. They have held a number of these meetings. I had an opportunity to run into the coordinator of the program in Rochester and asked that similar meetings be held with airport directors. I never got a follow-up to that request, even though I did pursue it at least once to try to facilitate those type of meetings.

The management infrastructure for the private screening program, since it is the same as the Federal workforce that has this one size fits all implementation and has resulted in an overstaffing of TSA managers. In our recommendations, we have recommended that the number of TSA direct people in Rochester could be reduced from the 20 authorized positions under the FSD to five, saving at least \$1.5 million per year in direct TSA personnel cost. And I might add that that \$1.5 million could fund 30 additional screeners in Rochester.

While the law does require TSA supervision of the private screening activities, the level of supervision responsibility is duplicated under the private screening company contract. This implementation has obviously created duplication of responsibilities, creating redundancy and waste.

What we have continued to advocate, and have advocated in over 14 communications to the TSA over the last two years, is to form a true pilot program that would foster innovation, reduce cost, and optimize effectiveness. We have strongly recommended that a plan be formulated and defined in an MOU or some type of other agreement with the airport that identifies the roles of the TSA, the screening company, the airport staff, and the air carriers. At a minimum, we think a program should have that document that sets forth the goals and objectives of a pilot program and identifies areas where the TSA, the companies, the airport, and our airline partners can improve security, create efficiencies, reduce cost, and, most importantly, I think, be able to introduce new technologies into the process.

I won't bother to go through; we did have four or five specific points. I think most noticeable is we are recommending the TSA should be responsible for standards, regulations, oversight, and compliance of the program. We strongly believe the airport should

be tasked with the responsibility of leading the program and making sure that it is a true pilot or private program at the airport.

I will just end by saying that we strongly believe in Rochester that a true team approach, which really has not existed for the past two years, could leverage in the knowledge and experience of both the airport, as well as the airlines, could reduce the need for unnecessary TSA administration and consultants, reducing costs, but more importantly, I believe, improving the efficiency and effectiveness of security at our airport.

Mr. MICA. Thank you for your testimony.

I believe we have these witnesses paired, so Mr. Ronald Thomas is President and Chief Operating Officer of McNeil Technologies, operates the Rochester PP5.

Mr. THOMAS. Yes, that is correct.

Mr. MICA. OK. So you are recognized and we will hear your follow-up comments.

Mr. THOMAS. Thank you for this opportunity to testify before the committee.

McNeil Security provides security screening services at Greater Rochester International Airport, which is a large category 2 airport. All of the screeners employed at Rochester were selected using processes identical to that given to Federal screeners. The same on-the-job training requirements and testing processes leading to certification were also used.

One of the differences, however, was our ability to choose our supervisors based upon interviews, past experience, and other test-related factors. We have expanded on that by instituting an overall promotional process that provides our employees with a career path.

McNeil Security began operations in November 2002 with a mix of full-time and part-time personnel. This has allowed us to deploy staff in an efficient manner by synchronizing staffing levels with airline scheduling.

McNeil Security supervisors and lead screeners are assigned duties in addition to their TSA-mandated functions. For example, training, supply procurement, scheduling, and information management. We have also implemented focus groups comprising screeners. One of the focus groups presented a plan for the selectee screening process that was accepted and implemented by TSA. Another focus group is currently working with the airport administration and TSA in their design of the new check baggage screening area.

We have been able to implement training programs in addition to those provided by TSA. These programs, approved by TSA, have included a nationally recognized customer service program and demonstrations by a local law enforcement bomb squad. One of our supervisor training facilitators developed a series of crossword puzzles as a training tool.

McNeil Security has recognized that formal training is not enough. Physical search techniques, x-ray image analysis, and other procedures demand frequent practice to maintain proficiency and efficiency. More than 90 percent of our screeners are dual-certified in passenger and check baggage screening. The Rochester team developed a unique scheduling system that rotates dual-cer-

tified screeners on a regular basis. This helps to ensure that screeners maintain peak skills in all areas.

Screener retention is a critical issue. A stable workforce is a real cost savings. There is no question the screener experience and frequent exercise of the skills required lead to reduced wait times, more efficient and more effective screening. Screeners who are satisfied and can visualize a positive future are more efficient, dedicated, and motivated. Or attrition rate is approximately 10 percent. This is far below the national average.

McNeil Security developed and implemented a passenger comment form shortly after we began operation. The form provides for both positive and negative feedback. We also instituted a complaint investigation process for the purpose of identifying issues and solving them. We typically will contact a complainant to advise them of the outcome of an investigation of their complaint usually within a 48-hour time period.

McNeil Security, with the support of TSA, the Rochester Airport Administration, and the airlines, has developed a responsive, effective, and efficient security operation. This program is a success story that should be strongly supported as a win-win solution for airport security. The regulatory responsibility of the local TSA staff working in partnership with the private security contractor is a model that works to keep our Nation's airports safe, secure, and efficient.

Thank you.

Mr. MICA. Thank you. And we will recognize next Mr. George Larson, Airport Director of Jackson Hole Airport, Jackson, Wyoming.

I understand your local authority has undertaken the screening responsibility, rather than the company, is that correct?

Mr. LARSON. That is correct, Mr. Chairman.

Mr. MICA. OK. Well, you are a little bit different breed of cat, but welcome. We are pleased to hear your testimony at this time.

Mr. LARSON. Thank you. Chairman Mica, Congressman DeFazio, thank you for the invitation to discuss the results of the airport screening privatization pilot program before the committee.

The Jackson Hole Airport is a category 3 airport within the program. We are an origin and destination airport. All of our 217,000 enplanements last year went through security screening. We don't have any connecting flights.

We also are a resort destination with very large seasonal swings. In our shoulder seasons we will board 5,000 passengers a month, and in the summer or winter seasons we will jump up to 30,000 passengers a month. So there is a great variation there.

We are located in a very affluent part of the Country, with very little housing, so that poses some interesting challenges for workforce economic survival for us.

As you mentioned, Mr. Chairman, the Jackson Hole Airport Board is the private screening authority. That is different within the PP5 program. We have been doing screening for over the last 20 years, which is one of the reasons we sought to continue screening under the PP5 program.

In the Board's experience, we believe that we have been a success, although not perfect. We have also taken independent surveys

to indicate that the passengers believe we are delivering good screening and security performance.

Also, our experience has revealed that there are advantages to our model, having the airport authority as the screening contractor. When you do that, you really have one less player; you don't have the third screening contractor as an independent, it is just the airport and the TSA. We believe that leads to more streamlined management and allows us a little more direct accommodation and shorter response time in answering some of the issues and the challenges that we have faced.

We also believe that we have an advantage in that all airports have in place an administrative function. We have used that function to lower the overhead and personnel costs required perhaps by a private contractor, and I think therefore perform more economically.

Instrumental to our success, I will have to say, though, has been the team approach provided by our Federal security director, Jim Spinden, and our Resident Deputy Federal Director, Mr. Joseph Sebastian. Their oversight, cooperation, and dedication have been instrumental in yielding us a productive and rewarding experience to date.

We do believe that hiring and training processes need improvement. As you heard today, the assessment process is cumbersome, it is costly, and it can lead to unacceptable delays.

The setup of a large costly center for a large group of candidates doesn't match the needs of a small group or a small airport, and centers are not located typically by small airports, so we incur the additional cost of travel per diem and lodging. We recommend that the assessment process be delegated to the Federal security director; we think that would be a more responsive process at a lower cost.

The initial contractor training is excellent, but it is not always in synchronization with the assessment process. For instance, we wait as much as two months between assessment and initial training. What this causes is the loss of our assessed and credentialed employees because they need a job, they can't wait any longer. This results in the airport being left with insufficient staffing or no ready pool. Again, we recommend that this initial training fall under the responsibility of the Federal security director. We think, again, this will be lower cost and less delays.

Regarding recurrent and continuous training, we think it is lacking, at least for our PP5 airport. We, to date have no online learning center, where other TSA airports do, and perhaps some of the private PP5 airports do as well, but we do not.

We also think that the private contractor needs a training coordinator authorized under the contract.

Our experience has shown that contract flexibility is essential. We believe that within a contract cost ceiling, the contractor should have the determination of the number and also the promotion selection of his employees. He should be able to manage the hiring and training processes without excessive delays, and he should be able to select the best management approaches and practices.

Because we have had a great deal of that flexibility during our first year, we were able to come in at 15 percent under the cost

ceiling of our contract. However, I must hasten to say that this week a great deal of the flexibility was eroded when TSA denied us the capability of now using assessment centers. That means we won't be able to hire new employees to replace our attrition as we go into our busiest season, the summer tourist season.

Our performance is at least equal to similar TSA airports, and we, I think, have proven that airports can perform at competitive costs with comparable compensation.

I appreciate the opportunity to testify before the committee today, and I will wait for the appropriate time to answer your questions.

Mr. MICA. Thank you.

And we will now hear from Philip Brown, Acting Director of Aviation from Kansas City International Airport, which has gotten some very strong praise as far as your performance, so we are anxious to hear your testimony today. Thank you.

Mr. BROWN. Thank you, Mr. Chairman, Mr. DeFazio. Thank you for inviting me to appear before you today to discuss the airports screener pilot program. I would request that my written testimony be accepted for the record.

Mr. MICA. No objection to the entire statement.

Mr. BROWN. I would like to briefly summarize Kansas City's views on the PP5 program.

Kansas City was selected by TSA on June 10th, 2002, to be one of five airports to participate in the private screening pilot program, along with San Francisco, Rochester, Tupelo, and Jackson Hole. These airports represented a balanced cross-section of the different airport security risk categories.

Kansas City International Airport is one of the Country's major medium hub airports. We receive service from 24 passenger and cargo airlines, with over 230 daily departing flights, serving approximately 10 million total passengers, 5.1 million enplanements, checking almost 8 million bags.

We believe that the private screening program at Kansas City International has been successful, and we want to continue using it. To call it private screening is really a misnomer. It is a public-private screening program which allows airports and the TSA to work together utilizing private screening companies to enhance security and customer service under strict TSA oversight.

The screening program provides the following advantages: enhanced flexibility and efficiencies in personnel use and deployment, greater flexibility to respond to increased or decreased service requirements, and greater flexibility to cross-train and cross-utilize personnel.

Kansas City is particularly conducive to private screening because of the need for flexibility to redeploy screeners on short notice, to reschedule screener shifts to and from off hours, and to add or delete screening checkpoints on short notice, as airlines increase or decrease services.

At the outset of our participation in the program, we provided input to the TSA Federal security director on Kansas City's critical goals and objectives of the private screening program. In addition to security, our goals focused on the external customer service

issues such as short lines, courteous behavior, professionalism, efficiency coupled with thorough quality screening of our customers.

Based upon our experience to date, the quality of performance of the private screeners has been very good. Staffing, in general, has also been satisfactory.

The start-up of the PP5 program was particularly successful in that the screening contract was awarded to ITS, now FirstLine Transportation Security, on October 10, 2002. On November 19, 2002, Kansas City International Airport met the mandated checkpoint security deadline. In 40 days, the private screening company staffed up and trained its personnel to meet the deadline. Kansas City International Airport also met the 100 percent baggage screening deadline of December 31st, 2003.

The first 18 months have not been without their challenges, however. During the first year, there were not enough screeners to serve the required number of screening checkpoints because TSA in Washington did not take into account the shortages that turnover created. It is our understanding that this phenomena occurred at federally staffed airports also. TSA temporarily brought in a mobile screening force of Federal employees to compensate for the shortfall.

Kansas City already opted out and wants to stay opted out under the opt-out program. Under the statute, the pilot program will expire after three years. However, the law allows participants in the pilot program to elect to continue to have such screening carried out by the screening personnel of a private screening company under the opt-out provision.

In conclusion, the pilot private screening program has worked well at Kansas City International Airport, and has demonstrated that under appropriate circumstances, private screeners, under the direct control and supervision of the TSA, will perform excellent security and customer service.

Mr. Chairman, this concludes my prepared remarks, and I would be pleased to answer any questions.

Mr. MICA. Thank you.

And we will hear next from John DeMell, President of FirstLine Transportation Security. And you provide the service for Kansas City, correct?

Mr. DEMELL. Correct, Mr. Chairman.

Mr. MICA. You are recognized.

Mr. DEMELL. Thank you, Mr. Chairman, Mr. Graves.

As a PP5 contractor operating under TSA direction at Kansas City International Airport, FirstLine meets or exceeds the same overall hiring, training, and security requirements as federally staffed airports. However, at KCI we remove the TSA's burden of day-to-day workforce management. This allows the Federal Government to focus on security, safety, and technology priorities. As a result, FirstLine and the TSA have worked diligently to form a seamless partnership. We have developed a close working relationship with Richard Karasi, KCI's Federal security director, whose central focus rests on our shared security mission.

Allow me to be perfectly clear. As we move toward opt-out, we strongly believe that TSA must continue to provide supervision and accountability for overall security standards and hiring practices.

We have come a long way from the pre-9/11 screening process, where security was treated just like any other commodity by the airlines, creating a minimum wage work environment. All of this changed after 9/11 with the creation of the TSA. We are particularly proud of our screener workforce. One hundred percent of our screeners have been cross-trained to provide both passenger and baggage screening. This enables us to be more efficient in our scheduling process and to react faster to customer needs.

Our employees also receive ongoing training that exceeds TSA's directives. This results in a screener workforce that excels in performance, even with the unique airport configuration that demands 11 separate passenger screening checkpoints and requires us to double screen many travelers who must leave the secure area for creature comforts. By comparison, Atlanta Hartsfield has only four checkpoints. Our ability to bring private sector business practices and human services management enhances the screening product we deliver.

FirstLine provides enhanced pay scales, training and rewards for exceptional performance and attendance. We have installed valuable communications tools and opportunities for employee participation, including our employees' advisory committee, which facilitates management responsiveness to employee concerns. We are also able to discipline or offer corrective guidance in a timely manner.

We believe that our success in charting new waters with TSA through private sector leadership can serve as a model for future screening partnerships. We are extremely proud that BearingPoint found credible evidence that Kansas City is outperforming the average level its Federal counterpart in the area of security effectiveness. In going forward, we recommend several enhancements that would make the program even more effective. These include, first, increased local decision-making ability both at the FSD and contractor level regarding such items as local control and implementation of assessment and training, critical to maintaining staff levels and controlling overtime. FirstLine recently invested significant resources to respond to a TSA request to provide a local assessment process for screener applicants. Our response builds on our extensive experience and knowledge. We feel strongly that our approach will result in better applicants, lower attrition, and reduced costs.

Second, adoption of a process for peer-to-peer discussion of security challenges. This should include not only the private sector contractor and FSDs, but also TSA headquarters leadership and program management.

Third, development of a permanent, objective benchmark to carry the PP5 approach in meeting required mission standards to the overall Federal screening program. The BearingPoint study could provide a basis on which to build for this process.

Lastly, a broader commitment to the public-private partnership in order to inculcate best practices and enhance cost efficiency without compromising the mission at hand. Contractors should be allowed to more appropriately leverage private sector strengths while government regulates and enforces safety standards and quality.

Mr. Chairman, the private sector has much to offer TSA and the Nation in our post-9/11 screening approach. FirstLine is committed to ensuring that the PP5 and our work for the traveling public at KCI continues to enhance the security of our airline passenger system.

Thank you.

Mr. MICA. Thank you for your testimony.

We will hear now from Mr. John Martin, Airport Director of San Francisco International Airport. Welcome, and you are recognized, sir.

Mr. MARTIN. Thank you, Mr. Chairman. Thank you for inviting me to participate in today's hearing. And I would like to thank you, Mr. Chairman and the members of the committee and staff who have visited San Francisco International to view our technology-based systems first-hand. The rapid national deployment of available technology, I believe, offers the best path to improving security and improving customer service.

Prior to the Federalization of the Nation's airport screeners under the TSA, SFO asked to be a participant in PP5. The request was made because we had serious concerns about a new Federal agency's ability to support the difficult and challenging process of recruiting, hiring, and managing virtually the largest workforce at our airport. Significant staff shortfalls over a long period of time with other Federal agencies at SFO have been commonplace in the past.

SFO is the largest airport participating in the PP5 program, with just over 1200 screeners. Screening today is clearly more effective than it was under the previously airline-managed system. The collaboration we put together, what we call Team SFO, between airport management, the FSD management team, and the contractor have been able to coordinate and deploy state-of-the-art screening systems, which, combined with a well-trained workforce, provide a high level of security and customer service.

Some examples of Team SFO initiatives that have resulted in higher efficiency include the development of a screener control center, SCC, that in conjunction with the comprehensive deployment of closed circuit television is able to simultaneously monitor the operation of our 39 checkpoint lanes and the queuing of passengers at those checkpoints, all done from a central location. That SCC has substantially increased the screening contractor's ability to adjust staffing levels to support passenger volume changes at the checkpoints, and I believe that provides a useful model for the Nation.

The FSD's management team has very effectively coordinated the contractor to ensure the lowest levels of staff attrition and the highest level of security and customer service. They have instituted a weekly detailed performance review with the contractor. Overall, the PP5 program has allowed the FSD to spend his time on security issues, not managing the human resources function of over 1200 screeners.

The airport management has enhanced the screening system by adding sufficient checkpoints to ensure adequate passenger processing capabilities and installed EDS in most of our facilities.

All being said, SFO supports airport screener privatization only under the following circumstances: (1) that TSA retains control, responsibility, and liability for the conduct and operation of the private screening contract operations; (2) privatization is not for everyone. The program works very well in San Francisco because the airport and the TSA have worked well together. None of the participants can afford to stand back and take the attitude this is not my problem. The full potential of privatization can only be realized if certain constraints presently placed on contractors are removed. National assessment, recruiting, and training programs must be more flexible.

In conclusion, given the funding constraints on aviation security, TSA needs to rapidly develop more cost-effective practices to get the job done. Arbitrary mandated staffing ceilings must be replaced with comprehensive staffing analysis and allocation based upon specific operational requirements at individual airports. Automation of baggage screening can significantly reduce the recurring labor costs. A coordinated and comprehensive plan is needed for EDS deployment that uses best practices and rewards those airports with cost-effective and timely solutions.

Flexibility and creative decision-making must be encouraged. This does not mean that corners should be cut, but simply that airports and FSDs can be great sources for research and innovation. This is why we believe SFO's opt-out program has indeed been a success.

This concludes my comments, Mr. Chairman.

Mr. MICA. Thank you for your testimony.

We will turn now to Mr. Terry Anderson, Executive Director of the Tupelo Regional Airport, Mississippi. Welcome, sir. You are recognized.

Mr. ANDERSON. Chairman Mica and Mr. Graves, thank you for the privilege and opportunity to express my thoughts and perspectives on airport security, in particular, the passage and luggage screening activities.

As you well know, with over 489 commercial airports, there is a vast range of sizes, shapes, and operations that have a huge influence on passenger security. The diversity includes numbers and nationality of passengers, size of terminals, security equipment, screening areas, employment pools for potential screening hires, airport budgets, leadership, and many more.

Political and TSA leadership seem to have limited our choices of the security workforce to two: a Federal workforce with TSA oversight and a private workforce with TSA oversight. Two sizes won't fit all airports. There is a continuum of options between those two. For smaller regional airports, a third option should and must be considered: an airport authority workforce with TSA oversight. This choice offers the greatest degree of control, the most flexibility, the most collateral benefits, and the most cost savings. Jackson Hole Wyoming, a PP5 airport, has successfully demonstrated this model for security for more than two decades. We should not ignore this option.

Let me offer some cogent points for consideration of this airport authority TSA plan.

Front-line command and control would be with the organization that has the greatest responsibility and accountability for airport security, that being the airport authority. The authority writes the airport security plan, the airport emergency plan, the airport certification manual, letters of agreement with FAA, TSA leases, and in the case of Tupelo Regional Airport, the reimbursable agreement for law enforcement officers and the security function of the sterile area. Absolute oversight for policy, training, and performance would remain, of course, with TSA.

Span of control would be reduced. Instead of adding another level of administration and bureaucracy, with a private contractor, another decision chain, additional distribution requirements for information and data, responsibility and accountability would be limited to a single unencumbered chain of command. There would be no doubt where security issues, human resource issues, equipment issues, lease issues, maintenance issues, administrative issues, and operational issues would be resolved.

Total airport security must at some point be addressed to include general aviation at airports. Do we defer this element of security to another set of private companies? And tactical security issues like ManPAD. Do we address those and resulting countermeasures to yet a third set of private contractors? I contend all elements of security are best handled by the organization that has the greatest degree of ownership for security at their airport: the airport authority.

Cost would be minimized. Who better can control all the budgetary elements of airport security expenses? Who best can optimize the distribution of part-time, full-time personnel, the economy of scale and operations, the impact of administrative overhead and the needs of the workforce, a corporate headquarters in some large far away city or a headquarters on site at the airfield? And what about those large company costs plus contracts with hidden expenses and bonuses? Where does all that revenue go? It is not to the local or regional economies that the airports serve. Instead, these profits go to where the corporate headquarters is located.

However, if memorandums of agreement were crafted so that reasonable administrative costs and bonuses were retained by the airport authority, then that revenue stream would benefit that airport's security infrastructure development and that region's economy. Let us not ignore this option that best fits the force and strategy to the objective and offers all the complimentary benefits of control, flexibility, accountability, ownership, lowest cost, and future adaptability.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

And last but not least, we have Gerald Berry, who is President of Covenant Aviation Security.

Now, Covenant has both Tupelo and also San Francisco as their operations. We are pleased to hear your testimony, and I appreciate your patience. You are recognized.

Mr. BERRY. Thank you, Chairman Mica. I do appreciate the opportunity to have a speaking part in this PP5 program.

On October 10th, of course, of 2002, we were awarded the contract with TSA, and we do have the Category X in San Francisco

and the Category 4 in Tupelo. Now, we haven't talked about it much, but we are on a cost-plus award fee contracts. I believe we all are. We invoice TSA on a monthly basis and they generally pay every 30 days. On the award fee side, we are graded on very interesting criteria, and we are monitored very closely by the TSA to make sure we are performing that criteria. First of all, it is management, operations, cost, and HR.

Covenant did meet all of its deadlines, and we had to roll out somewhere around 1459 people to meet Tupelo and San Francisco's needs between 10 October and 31 December, which I thought was a pretty admiral feat. And we had a lot of cooperation from the TSA.

One thing that really, I think, makes us work, and I appreciate Mr. Martin saying, is we have tremendous cooperation at San Francisco. We get great guidance and great cooperation from John Martin, and, of course, San Francisco has been very innovative over the years, which helps us. And also Mr. Ed Gomez, the FSD, gives us a lot of guidance and a lot of leadership that helps us through some of these rickets that I will cover a little later.

Let us take San Francisco first. We presently have 1,085 screeners. TSA has authorized 1229. We are operating well below what they have authorized. And Congresswoman Norton asked us about how we would do—we don't have wait times out there. I think over the holidays our max was about eight minutes, so we are very pleased with that. Also, inside of this, one of the reasons we are able to bring those things down is we have 143 part-time screeners. I didn't know that anybody else had part-time screeners, but we have had them since July, and it has worked exceedingly well for us and, obviously, that allows you to bring the numbers down.

I appreciate Mr. Martin mentioning it, but the SCC is what allows this, the screening control center. And SFO has got the big screens in there. We watch all 39 lanes, 11 checkpoints, and we move people as necessary to make sure we keep the cost down and maximize our efficiencies there. We are right-sizing all the time.

Along with the screening control center, we have wireless communications. We have a laptop at every lane, every checkpoint, so that when we need to communicate something, whether it is some kind of a change in the code yellow, code red, whatever it happens to be, or a VIC coming through, or the need for more screeners or lack of screeners, that can be done immediately and instantaneously, and also has the ability to take down video if something happens to that checkpoint.

One of my favorite issues here, because it involves all of us and I read about it constantly, is workmen's comp. Now, the reason we went initially to baggage handlers, which I believe we are the only ones that have actual baggage handlers, they didn't go through any training process, they went through background screens and the necessary elements for that, and the physicals, was to alleviate and take away some of our workmen's comp, and, honestly, it has brought it way down. And the other thing we found out with these people who are hired just to be baggage handlers, they don't get hurt. They are not on injury lists at all. So that has been a good thing for us.

One thing I want to mention here that we haven't talked about before, and thanks again to Mr. Martin for letting us make sure we have the space, and it is a coordination issue, we have a uniform control center, and that uniform control center is in the airport, and every screener can take his uniform there, get it pressed, get it cleaned, get it tailored right there in the airport, which makes a tremendous difference. And we are very proud of the way our screeners look in San Francisco. And I think it helps their morale to have probably some of the better looking uniforms in the Country.

Let me talk a little bit about assessment. One of the reasons we talked earlier about this 31 percent thing, we got involved in the recruitment and prescreening. One of the reasons we did this, we thought the percentage would go way up in the passing. It didn't, but it is getting better all the time. But you then have a pick of the people you want. You do the first cut on that, so those are people that you know that you want. The present system at most of the other airports, and I think it understand it pretty well, where CPS comes in, the FSD doesn't really have a pick in there. We wanted to make sure we do. That is one of the reasons for that.

Training. I want to again thank Mr. Martin. He has provided us a magnificent learning center. It is 55 standup PCs that we use constantly. We train on every capacity, whether it be harassment-free workplace or all the image recognition that you need when we go through this. Thank you very much. It is a good system.

We also, like the rest of them, try to make sure that our HR is on top of everything, it is working, it is doing well.

Tupelo trades well off San Francisco. We have no attrition there, and I think, if you look at this, we passed the test better than just about anybody in the Country, the recertification test in Tupelo.

Let me make a couple conclusions. I think that we have all talked about this, but what needs to happen is it has to have local assessment. You also need to have local training. And I would recommend, as you go forward, if you are going to have a PP5 program or something similar to that, that you have a cost-plus award fee. In other words, if we don't perform, you don't award. And let me just cover that a little bit.

I know that there are several mechanisms that we use, and the FSD drills down every week on us. One is attrition. I heard 10 percent, but we are much larger than that in San Francisco. We have 13.5 now, which I think is well below the national average. Our attendance, we are about a 97 percent level, and that is very measurable. Overtime is at 3 percent. And I know what some of the other airports are, especially in the western area. And our workmen's comp is down to 3 percent. I was allowed to see the figures on these from the other Category X airports in the western area, and we far surpass those on those measurable statistics.

Thank you very much for your time. You can submit this into the record. Thank you.

Mr. MICA. Thank you. We will submit everyone's complete statement or any additional information.

Mr. DeFazio and I have agreed to keep the record of this hearing open for an additional two weeks, so without objection that is ordered.

I want to thank each of you for your patience. This has been a very long hearing. We wanted everyone to have a say in this who has participated in the program and keep the process open, and also fair. We have heard both from the airport directors and also from those who—I guess we have four vendors participating plus the one airport in Wyoming, Jackson, Wyoming, which is acting, actually, as the vendor.

This has been, I think, a very productive hearing. It has also been a learning experience I think for all of us as we develop a new system and a totally new approach. Some of you have put together some great innovations. I think we have already heard your models for the complete Federal system, and you all will serve as models as we make this transition to not a total private screening process, but a Federal-private partnership with very close Federal oversight and setting of future policy.

I am going to probably spare you of questions, but is there any airport director that doesn't plan to continue in the program?

[No response.]

Mr. MICA. You all plan to continue in the program.

And I think again, Mr. Martin, you point out that we do want to keep this in Federal responsibility, and I think all of you are committed to that, but develop a means by which we can improve the system, make it operate better.

I think you also pointed out, Mr. Berry, rewarding good performance. We are very concerned about the performance, although I was very pleased with the results of both Kansas City and I think San Francisco had some pretty high performance evaluation.

The rest of you were as good, if not no worse than your total Federal counterparts. But, again, I think you all work under the same level of handicaps, and some of that is technology limits, limits on innovation, and also looking at other approaches that can do a better job in determining threats and dangers to the flying public.

So with those comments, I don't have any direct questions. We will, again, leave the record open. We may have additional comments, in fact, I think we do, that we will submit to you for the record.

I want to thank, again, each of you for your participation in the PP5 program for your testimony and participation in this hearing today.

There being no further business to be conducted before the Aviation Subcommittee, this hearing is adjourned. Thank you.

[Whereupon, at 2:25 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

Terry Anderson - Tupelo Regional Airport

Thank you for the privilege and opportunity to express my thoughts and perspectives on airport security, in particular the passenger and luggage screening activity. With 489 commercial airports there is a vast range of sizes, shapes and operations that have a huge influence on passenger security. The diversity includes numbers and nationality of passengers, size of terminals, screening equipment, screening areas, employment pools for potential screening hires, airport budgets, leadership and much more.

Political and TSA leadership have limited our choices of the security workforce to two: a federal workforce with TSA oversight and a private workforce with TSA oversight. Two sizes don't fit all airports. There's a continuum of options between those two. For smaller regional airports, a third option should and must be considered: an airport authority workforce with TSA oversight. This choice offers the greatest degree of control, the most flexibility, the most collateral benefits and the most cost savings. Jackson Hole, Wyoming, a PP5 airport, has successfully demonstrated this model for security for nearly two decades. Why are we ignoring this option? Let me offer some cogent points for consideration of this Airport Authority/TSA plan.

Front line command and control would be with the organization that has the greatest responsibility and accountability for airport security, the

Terry Anderson - Tupelo Regional Airport

Airport Authority. The Authority writes the Airport Security plan, the Airport Emergency Plan, the Airport Certification Manual, Letters of Agreement with FAA, and in the case of Tupelo Regional Airport, the Reimbursable Agreement for Law Enforcement Officers in the security function of the sterile area. Absolute oversight for policy, training and performance would remain, of course, with TSA.

Span of control would be reduced. Instead of adding another level of administration and bureaucracy with a private contractor, another decision chain, additional distribution requirements for information and data, responsibility and accountability would be limited to a single, unencumbered chain of command. There would be no doubt where security issues, human resources issues, equipment issues, lease issues, maintenance issues, administrative issues and operational issues are resolved.

Total airport security must, at some point, be addressed, to include general aviation airports. Do we defer this element of security to another set of private companies? And tactical security issues like MANPAD, do we address those and resulting countermeasures to yet a third set of private contractors. I contend all elements of security are best handled by the organization that has the greatest degree of ownership for security at their airport, the Airport Authority.

Terry Anderson - Tupelo Regional Airport

Cost will be minimized. Who better can control all the budgetary elements of airport security expenses? Who best can optimize the distribution of part time/full time personnel, the economy of scale in operations, the impact of administrative overhead and the needs of the workforce: a corporate headquarters in Boston or a headquarters on site in Tupelo, Mississippi? And what about these large company cost-plus contracts with hidden expenses and bonuses? Where does all that revenue go? It's not to the local or regional economies that the airports serve. Instead, these profits go to where the corporate headquarters is located. However, if Memorandum of Agreements were crafted so that reasonable administrative costs and bonuses were retained by the Airport Authority, then that revenue stream would benefit airport security infrastructure development and that regional economy.

Let's not ignore the option that best fits the force and strategy to the objective and offers all the complimentary benefits of control, flexibility, accountability, ownership, lowest cost and future adaptability.

Thank you.

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
AVIATION SUBCOMMITTEE

AIRPORT SCREENER PRIVATIZATION PILOT PROGRAM
(PP5)
APRIL 22, 2004

TESTIMONY OF GERALD L. BERRY, PRESIDENT



COVENANT AVIATION SECURITY, LLC
INTERNATIONAL TERMINAL, SUITE 70A
SAN FRANCISCO INTERNATIONAL AIRPORT
PO BOX 281620
SAN FRANCISCO, CA 94128-1620
PHONE: 650-821-1137
FAX: 650-821-1133
EMAIL: GBERRY@COVENANTAVIATION.COM



Committee on Transportation & Infrastructure Aviation Subcommittee
Airport Screener Privatization Program (PP5)

Testimony of Gerald L. Berry, President
Covenant Aviation Security, LLC

Chairman Mica, Ranking Member DeFazio, Members of the Aviation Subcommittee – I would like to thank you for inviting me to participate in today's hearing to discuss the results of the Airport Screener Privatization Program (PP5).

BACKGROUND

Covenant Aviation Security was awarded a contract as part of the Transportation Security Administration's (TSA) Security Screening Pilot Program on October 10, 2002. We are currently providing both passenger and baggage screeners at San Francisco International Airport, a Category X airport, and Tupelo Regional Airport, a Category IV airport. Covenant was the only private contractor to be awarded more than one airport under the Privatization Pilot Program (PP5). I would like to point out the compressed time frame from contract award on October 10, 2002, until staffing all checkpoints on November 19, 2002, and providing fully trained screeners for checked baggage on January 1, 2003. Covenant Aviation was successful in meeting both of these federally mandated deadlines.

Covenant Aviation's contract is a Cost Plus Award Fee contract. Actual costs are billed to the TSA monthly and the majority are paid by the TSA thirty days after being invoiced. There is no profit built into the actual costs. "Profit" is realized through a performance-based award fee. Certain normal costs of doing business, such as the cost of money (interest) accruing between the time payroll is paid and the time costs are reimbursed by the TSA are not billable to the government. These costs are paid for out of the award fee (i.e., award fee minus non-allowable expenses represent profit).

The award fee is determined by the TSA assessing Covenant's performance based on a pre-established set of criteria. Areas assessed are: (1) Operations/ Technical Performance; (2) Management/Leadership Performance; (3) Cost/Contract Management; and (4) Human Resources Performance. Each area contains specifically defined metrics which the TSA uses to evaluate Covenant's performance. The award fee is determined twice a year.

Covenant successfully deployed over 1,100 security screeners to all passenger checkpoints at San Francisco International Airport (SFO) and Tupelo Regional Airport (TUP) during the very brief 39-day transition period (October 10, 2002 – November 19, 2002). Additionally, Covenant staffed all baggage checkpoints by January 1, 2003 for a total of 1,453 screeners hired, trained and deployed within the TSA-mandated timelines.



The Covenant team offers extensive experience in airport operations, security and personnel management capable of providing the Government cost effective and value added solutions. Our company mission states our commitment to provide dedicated aviation security services for the safe and efficient movement of people and cargo within the United States and its territories. One benefit Covenant has capitalized on is the dedication and support we have received from the Airport Directors, Mr. John Martin of San Francisco and Mr. Terry Anderson of Tupelo. In addition, our collaborative relationships with the Federal Security Directors' in San Francisco, Mr. Ed Gomez and Mr. Larry Rowett in Jackson, Mississippi have enabled us to provide exceptional service and is a contributing factor in successfully maintaining the mission focus. The "Team SFO" and "Team TUP" concept represents the joint efforts of Airport Management, the Federal Security Director including their staffs and Covenant. These relationships were built over time and a result of Covenant consistently demonstrating the ability to overcome challenges and supporting the TSA and its mission.

CHALLENGES AND IMPLEMENTED SOLUTIONS

Due to the fact the two airports we service are distinctly different (Category X and Category IV) they bring individualized operational issues to the table. I will begin by discussing solutions we implemented in San Francisco followed by the actions taken in Tupelo.

SAN FRANCISCO INTERNATIONAL AIRPORT

Staffing

The current staffing level in San Francisco is 1,085 full time employees. The TSA authorized staffing level is 1,229. Covenant teamed with the FSD, Mr. Gomez and his staff, determined the required hours of operation by incorporating information collected on passenger throughput and passenger waiting time in order to "right-size" the screener workforce. Covenant has been successful in reducing the number of employees without jeopardizing the level of security, customer service levels or experiencing an increase in wait times.

In July 2003, we began recruiting for the addition of part-time employees. This milestone was significant in terms of Covenant achieving its goal of having a balanced full-time/part-time workforce. We currently have 143 part-time employees which provides Covenant the flexibility to schedule those individuals where needed in order to meet the demand. To my knowledge, we were the first airport to establish a part-time workforce.



Screening Control Center

The FSD, Airport Director and Covenant recognized the need for a Command and Control center for the entire airport. Due to the dispersed locations of the checkpoints and three separate terminals it became apparent for a communication system that provided a link to the TSA, airport staff and law enforcement officials.

The Screening Control Center (SCC) concept of Command and Control was developed with the TSA SFO Executive Team and the SFO Airport Commission to provide a centralized resource to improve operating efficiencies of the screening workforce. The SCC is located in the Airport Communications Center and includes a Closed Circuit Television system (CCTV). The SCC is manned 24/7 in order to constantly monitor the operation of SFO's 39 checkpoint lanes and the queuing passengers at checkpoints.

A major function of the SCC operators is to move screeners to checkpoint/ baggage workstations during 'off-peak' hours to work in locations where additional screeners are needed. Additionally, the SCC takes calls reporting out-of-service Government Furnished Equipment (GFE) and oversees the dispatch of Siemens, Boeing and InVision technicians decreasing the downtime of essential screening equipment.

Wireless Connectivity

Covenant recognized that there was not an avenue to disseminate critical information to the checkpoints in a timely manner. Again a communication system was necessary to link the checkpoints with the TSA and airport staff.

Covenant, in conjunction with the TSA, has successfully deployed a laptop computer and printer to each checkpoint workstation. The SCC can download information to a laptop such as information on current training issues, airport operations and any planned VIP traffic. The laptops also contain special software that allows video to be transferred to assist in incident management. In addition, supervisors now have readily available information regarding screener schedules, attendance records and payroll information which aides in the communication with our employees.

Uniform Service Center

Several issues led to the creation of the Uniform Service Center (USC). Covenant along with the TSA, believes that appearance of the workforce is important. Covenant wanted to present a professional image to the traveling public and the current system in place was not user friendly. Employees were required to visit our administrative office, off airport property, to pick up their uniforms or have adjustments made, and the laundry service only picked up and delivered a few times a week.



The Uniform Service Center (USC) has established a centralized distribution point for all uniform needs & provides the screener with one-stop shopping at the airport including:

- Uniform initial issue
- Laundry services
- Uniform alterations
- Embroidery
- Patches
- Uniform repair
- Uniform replacement
- Uniform exchange
- Name tag issuance & replacement
- Shoe issuance & replacement
- Uniform storage

Safety, On-the-job injuries (OJI) & Workers Compensation Claims

Covenant, along with most airports, was experiencing a high number of Worker's Compensation Claims that resulted in significant amounts of money being paid out in claims. Covenant has taken steps to aggressively manage this issue. In early 2003, Covenant management initiated both a part-time screener job classification and a return-to-work program for screeners who have been injured while performing their screener duties. Although they cannot return to full-time employment, they are available to work in a restricted duty capacity (jobs assigned by medical restrictions). Covenant, with FSD approval, has hired a Workers Compensation Specialist to review claims for cost containment and who manages the return-to-work program.

Covenant introduced a new labor category, **Baggage Handler**, into its operation in June 2003. A Baggage Handler would be assigned only to move and place baggage on the various screening systems in the baggage makeup areas and would not perform any of the screening functions. Since the addition of this position we have seen a significant reduction in the number and dollar value of Workers Compensation claims. Based on the success we had in the baggage makeup areas we decided to add Baggage Handlers to the checkpoints which allows the screeners to remain focused on their primary duty of thoroughly inspecting all baggage and parcels.

Attendance Control Center (ACC)

Covenant's absentee rates were fluctuating on a monthly basis and at one point went as high as 14.7%. The Covenant management team along with the guidance of the FSD, Mr. Gomez, knew we needed to get this issue under control. In May 2003, Covenant opened the Attendance Control Center and our absentee rate began to decrease almost immediately. In March 2004 our absentee rate was 3.6%.

The ACC is an innovation that provides a center of communication on current staffing levels at all checkpoints. The ACC works in conjunction with the SCC by reporting actual numbers of personnel at the start of each shift and compares them to the established schedule. The SCC in turn can efficiently reassign personnel to ensure that screening operations are maintained by staffing the areas most critical to operational continuity.



Of particular note, Absent-Without-Leave (AWOL) has been significantly reduced due to management actions taken by Covenant in administering the Attendance and Disciplinary policies. The ACC assists in reviewing and addressing employee attendance performance through counseling or disciplining as appropriate. Having one central location performing this function ensures that applications of discipline for attendance infractions are consistent across all terminal checkpoint and baggage operations.

Assessment

Covenant recognized the staffing deficiency occurring nationwide. In addition, Covenant could foresee the problems that would occur while waiting, possibly six months, for TSA's subcontractor, CPS to arrive and perform the assessments. During those six months, service levels would be compromised along with rising costs if the usage of overtime hours increased.

With the assistance of the FSD, Covenant has developed a proven approach that was first demonstrated with the hiring of Baggage Handlers. Since then Covenant has conducted several assessments for the recruitment of part-time and full-time passenger and baggage screeners for San Francisco International Airport. The method is a phased approach including three phases (1) recruitment, (2) pre-screening and (3) assessment. Covenant is responsible for the recruitment and pre-screening part of the process. The percentage of candidates who will successfully meet the full assessment criteria is increased by validating minimum qualification criteria early in the selection process. Pre-screening candidates provides cost-efficient methodologies for ensuring expenses are not incurred for assessing unqualified candidates. In addition, Covenant uses actual screeners to assist in panel interviews with candidates so that operational experience is brought to bear in assessing potential employees.

Again, to my knowledge, Covenant is the only private contractor performing the recruiting and pre-screening involved with the assessment process.

Training

The airport screening environment presents multiple challenges to any training program due in large part to its 24/7 operation and large number of screeners who work various shifts, days of the week, and terminals, yet still must receive the same consistent information and direction that greatly impact security and passenger safety.

Covenant developed a Training Academy that includes an onsite computer learning lab that serves as the "hub" of all training and certification activities. The lab consists of 55 stand-alone PC computers equipped with CD-ROM and headset. Initially, the computers were used primarily for image recognition training—three hours per week. Now screeners have a library of CD-ROMs to choose from that include hidden weapons, screening of footwear, hand-wandering, full body pat down review, back injury prevention, harassment-free workplace, and Hazmat guidelines. In addition, operational equipment can be dispatched to the lab for hands-on training



related to operational testing and weekly/monthly maintenance procedures. The Computer Learning Lab has become an integral part of the screener's daily activities—right along side the screening of passengers and checked baggage.

Human Resources

Covenant recognizes the problems federally run airports are experiencing in terms of human resource functions. At times these processes are very confusing and time consuming due to the excessive layers involved in the TSA process.

Covenant realizes the importance of communicating information regarding benefits, policies, and resources available to our employees to maintain positive employee morale. By having a local human resource department Covenant is able to service the employees better. For example, Covenant has the flexibility to promote individuals based on performance and on the other hand can remove an individual from a position if required. Covenant can handle simple matters such as a pay discrepancy the same day. The flexibility has allowed us to implement such employee programs as an Employee Assistance Center, Employee Relations Management system, recognition programs and alternative work schedules without waiting for approval from TSA headquarters.

Having Covenant provide human resource functions allow the FSD to focus on his main objective – security, rather than trying to resolve personnel issues.

SFO Conclusion

The FSD oversight and partnership we've developed has played a major role in the successful operation at the SFO airport. The FSD, Mr. Gomez and his staff require Covenant to justify/explain the following metrics on a weekly basis: overtime, attendance, OJI's, attrition and wait times for passengers. Recent statistics show that SFO metrics surpass other Category X airports in the Western Area in the areas of attendance, overtime and attrition. The guiding principle for Covenant management is "If we cannot measure it, we cannot manage it."



TUPELO REGIONAL AIRPORT

An advantage of Covenant being awarded multiple airports is the ability to pool our resources. Many of our "best business practices" established in SFO are transferred over to Tupelo where applicable.

Staffing/Scheduling

Covenant has implemented ten hour shifts so that employees can receive three consecutive days off assisting in maintaining positive employee morale. Again the flexibility of being a private contractor allowed Covenant to execute this change without prior approval from TSA headquarters. Voluntary attrition is zero percent and they experience minimal use of the sick leave benefit.

Training

The manager in Tupelo works directly with the Director of Training in San Francisco to incorporate new training techniques that have proven to be successful. Training hours have increased for each screener to include four hours per week of imaging training and eight hours of Standard of Performance training. Covenant now includes a debriefing during shift change to disseminate information on current training issues and airport operations. The employees also participate in role playing or practical training exercises in which they perform all screening functions with another screener and receive feedback on their performance.

Employee Relations

In order to promote a team environment schedules will rotate so that employees get the opportunity to work with all of the screeners on staff. The two supervisors also rotate allowing them the opportunity to work with each screener and the ability to evaluate all employees. Evaluations are performed quarterly to keep employees fully aware of Covenant's expectations.

Tupelo Conclusion

The Tupelo Airport Director, Mr. Terry Anderson and the Jackson, Mississippi FSD, Mr. Larry Rowett, have also been instrumental in the success Covenant has experienced.



FUTURE

Covenant Aviation is constantly striving to enhance our operational efficiency. We conduct research on new technologies that are better suited for our needs. Currently we are evaluating a new scheduling tool, Ascent, to maximize our scheduling efficiencies, and a Computer-Based Training program, SIMFOX, which should upgrade the training experience for our personnel. Covenant has adopted the motto "Continuous Improvement."

CONCLUSION

The success stories that come out of San Francisco and Tupelo are a direct result of the team environment developed among the Airport Directors, Mr. John Martin and Mr. Terry Anderson and their staffs, the local FSD's, Mr. Ed Gomez and Mr. Larry Rowett and their staffs and Covenant Aviation Security. Covenant's local TSA staff has provided precision guidance through weekly metrics meetings to facilitate our success with control of overtime, attendance, attrition and cost.

I strongly believe in an environment where the regulator is separate from the provider. Based on that statement Covenant would like to make a few recommendations that helped us become successful in San Francisco and Tupelo. Local control over assessment and training must occur. We are in favor of adhering to policies and standards put into place by the TSA, but TSA headquarters cannot be intimately familiar with the needs of 489 airports.

Covenant would like the contract type to remain as a Cost Plus Award Fee contract. This method of contracting provides a cost savings to the government due to the criteria established in determining a contractor's award fee. Our performance is our report card and our profit. If Covenant does not perform, we can be fired.

Mr. Chairman, I would like to thank you for holding this hearing and for the attention you are giving to the Airport Screener Privatization Pilot Program. I would be glad to answer any questions.

**Statement of
Philip K. Brown
Acting Director of Aviation
City of Kansas City, Missouri
Before the
Subcommittee on Aviation of the
Committee on Transportation and Infrastructure
April 22, 2004**

Good Morning, Mr. Chairman and Members of the Aviation Subcommittee.

My name is Philip Brown and I am Acting Director of Aviation for the City of Kansas City, Missouri. Thank you for inviting me to appear before you today to discuss the Airport Screener Pilot Program (PP5).

Prescreening of airline passengers and baggage has been a component of the commercial aviation landscape for over thirty years. The FAA implemented universal prescreening on January 5, 1973, placing prescreening responsibility on the airlines. Since this became a component of airline costs, this approach resulted in a security screening workforce based generally on the lowest cost bidder, with employees paid at minimum wage, lacking experience and skills, and with relatively poor training. In addition to the United States, only two other countries in the world--Canada and Bermuda--relied on air carriers to foot the responsibility for aviation security screening.

In the immediate aftermath of the terrorist attacks on September 11, 2001, Congress promptly began to address enhancements to aviation security. On September 21, 2001, a bill was introduced in the Senate that would place security screening

responsibility in the hands of the federal government, manned by a federal security workforce. A competing House bill proposed to utilize private screening companies under the direct supervision and control of the federal government. The Aviation and Transportation Security Act (ATSA) was passed by Congress on November 16, 2001, and signed by the President on November 19, 2001.

ATSA created a new federal agency, the Transportation Security Administration within the Department of Transportation, with responsibility for security of all transportation modes. TSA took over the airlines' security screening contracts during a transition period leading to the formation of a trained federal security workforce.

As a compromise between the Senate and the House approaches to private versus federal security screeners, the ATSA provided for two private screening options:

First, under 49 U.S.C. § 44919, Congress created a mandatory "pilot program" and directed TSA to establish a "pilot program" for private screening involving not more than five airports (one from each of the five security risk categories defined by TSA). TSA, not the airport or the airlines, is required to contract with a private screening company at the selected airports.

Second, under 49 U.S.C. § 44920, Congress authorized a "security screening opt-out program" beginning November 19, 2004, under which airports can "opt-out" of the federal screening program and have security screening performed by a qualified private screening company under a contract with the TSA.

Kansas City applied for participation in the pilot program in May 2002 and was selected on June 10, 2002, as one of the five airports selected to participate in the pilot program, along with San Francisco, Rochester, Tupalo, and Jackson Hole. These airports represented a balanced cross-section of the different airport security risk categories. Kansas City International Airport is one the country's major medium hub airports. We receive service from twenty-four passenger and cargo airlines with over 230 daily departing flights, and we serve approximately 5,100,000 enplaned passengers a year, checking almost 8 million bags.

It is vitally important for Congress and TSA to recognize that a **“one size fits all”** approach to airport security cannot and will not work. There are vast differences in the physical layouts among the nation's airports. One of the reasons we believe Kansas City International Airport was selected was because of the Airport's unique physical layout and the unique requirements for security facilities and personnel.

Kansas City International Airport has three separate semi-circular passenger terminals. A depiction of Kansas City International Airport's configuration is set out in Attachment A of my Statement. The Airport was designed in the 1960's with the passenger convenience objective of shortening the distance between the terminal entrance and the points at which passengers board aircraft. Consequently, Kansas City International Airport is unique among major airports as it is configured so that the distance between curbside and boarding bridge is only 75 feet. This unique design minimizes the distance between curbside and gate, and it shortens the time between

arrival and boarding. This maximizes customer convenience. The lack of a single, central concourse also creates the need for multiple security screening locations and does not allow for central security screening that is common with other airport designs.

Due to its configuration, Kansas City International Airport has 15 security screening checkpoints with 26 screening lanes. At the time PP5 was initiated, Kansas City International Airport had 22 screening checkpoints. Consolidations as a result of the terminal renovation have reduced that number by over 30%. Because of its configuration, from a passenger's standpoint, Kansas City International Airport is equivalent to and functions as a series of smaller airports co-located on one property.

During the design stage of our current \$257 million terminal improvement program, we considered options to centrally locate checkpoints within each terminal. Those options proved to be practicably and financially infeasible. It would have severely disrupted traffic flows, making the terminal structure unworkable. Wholly apart from the passenger and airline inconvenience, the costs of entirely rebuilding the airport terminals would have been prohibitive. Neither the City nor the airlines would have been able to afford the monumental costs.

The airlines and our passengers are well-served by the current configuration, which enhances customer convenience and airline efficiency and provides for future growth in flights and traffic.

We believe that the private screening program at Kansas City International Airport has been successful and we want to continue using it. The advantages of private screening can be summarized as follows:

- enhanced flexibility and efficiencies in personnel use and deployment.
- greater flexibility to respond to increased or decreased service requirements.
- greater flexibility to cross train and cross utilize personnel.
- not subject to federal employee “hiring freezes” and employment caps.
- more effective in dealing with non-performing personnel.

Because we do not have access to the Bearing Point analysis prepared for TSA, it is difficult for us to provide quantitative results of the PP5 program. However, qualitatively we believe the program has functioned extremely well. The Aviation Department polled all of the airline station managers and they unanimously endorsed the PP5 program and expressed their desire that it continue at Kansas City International Airport.

Kansas City has had relatively few complaints about screening services at Kansas City International Airport under the PP5. The quality of screener performance is high and they have demonstrated a commitment to providing a high level of customer service while not sacrificing their over-arching security responsibilities.

We provided input to the TSA Federal Security Director on Kansas City’s critical goals and objectives for the private screening program, focusing on the external

customer service issues, short lines, courteous behavior, professionalism, efficiency coupled with thorough, quality screening of our customers. Based upon the experience to date, the quality of performance of the private screeners has been very good. Staffing has also been satisfactory. Average overall wait times are less than 4 minutes, except in the very early morning hours when waits can exceed 15-20 minutes because neither the airline ticket counters nor the security screening checkpoints open until 90 minutes before the first scheduled departures in the mornings.

The start-up of the PP5 program was particularly successful in that the screening contract was awarded to ITS (now FirstLine Transportation Security) on October 10, 2002. On November 19, 2002, Kansas City International Airport met the mandated checkpoint security deadline. In 40 days, the private screening company staffed up and trained its personnel to meet the deadline. Kansas City International Airport also met the 100% baggage screening deadline of December 31, 2002.

The first 18 months have not been without their challenges. During the course of the first year of private screening, available screener strength for FirstLine fell below that necessary to adequately serve the required number of screening checkpoints. TSA in Washington had failed to take into account the turnover that could be expected in a start up program and was not prepared to replace personnel losses. It is our understanding that this phenomenon occurred at federally-staffed airports also. Until TSA was able to regenerate the hiring protocol, the Federal Security Director at Kansas City International Airport brought in a "mobile screening force" of federal employees

to compensate for the shortfall. The federal screeners were segregated in a separate terminal to avoid mixing private with federal screeners.

Kansas City is particularly conducive to a private screening workforce because of the need for flexibility to re-deploy screeners on short notice, to reschedule screener shifts to and from off-hours, and to add or delete screening checkpoints on short notice as airline services increase or decrease.

Airline traffic is slowly returning to pre-9/11 levels. Kansas City International Airport has strong growth opportunities in the near term and is actively courting several airlines as new entrants into the Kansas City market and working with our existing airlines to increase service. Sometimes those opportunities can come along with as little as 90 days notice. The ability to quickly and efficiently respond to these additional requirements is critical to the airport's role of supporting and enhancing the economic growth and development for our metropolitan area. The, as yet, undetermined requirements for cargo security screening will make further demands on screener staffing and flexibility. Therefore, we are convinced that we should maintain our current program of private screening company operations with strong TSA management and control in order to meet the challenges and opportunities ahead. It is critical that the screening workforce be able to ramp up to meet demand on short notice. On the flip side, closing a checkpoint can result in unnecessary workforce and it is equally critical that the screening operator be able to downsize on short notice to avoid wasting money.

Kansas City International Airport has had experience with the rigidity of the federal workforce allocation problems. Several years ago, Kansas City was precipitously notified by the U.S. Customs Service that it would no longer clear Kansas City International Airport's international flights on an overtime basis. At that time 100% of our international flights occurred on weekends or at night, which was during overtime periods for Customs employees. That action effectively shut down our entire international program. Fortunately, with Congressional help, the agency reversed its position. Using private screening companies with adequate performance criteria in their contracts allows us to avoid these sorts of problems.

Kansas City plans on continuing with private screening through the "opt-out" program. Under the statute, the pilot program will expire after three years. However, the law allows participants in the pilot program to "elect to continue to have such screening carried out by the screening personnel of a private screening company" under the "opt-out" provision.

In short, Kansas City already opted out by participation in the PP5 program and wants to stay opted-out.

We think the law is clear that Kansas City does not have to re-apply and get new approval to participate in the opt-out program, but rather simply needs to advise TSA that it desires to continue its current opt-out status. We understand TSA is in the process of developing a plan for dealing with the "opt-out" program. We urge TSA to

confirm that Kansas City and other pilot program participants will have the automatic right to continue to participate in the opt-out program if they elect to do so.

There is a related issue that Congress should address, which is the issue of TSA funding of in-line baggage screening systems. This has a direct and immediate impact on the cost of passenger screening. Grant of an LOI to Kansas City would enable a reduction in the number of screening personnel and a commensurate reduction in screening costs to TSA.

TSA was authorized to issue letters of intent by Congress for inline EDS systems in the Aviation and Transportation Security Act of 2001. Kansas City was among the first to seek an LOI and we were advised by TSA that Kansas City had an excellent plan and that it ranked among the top twenty airports to obtain an LOI.

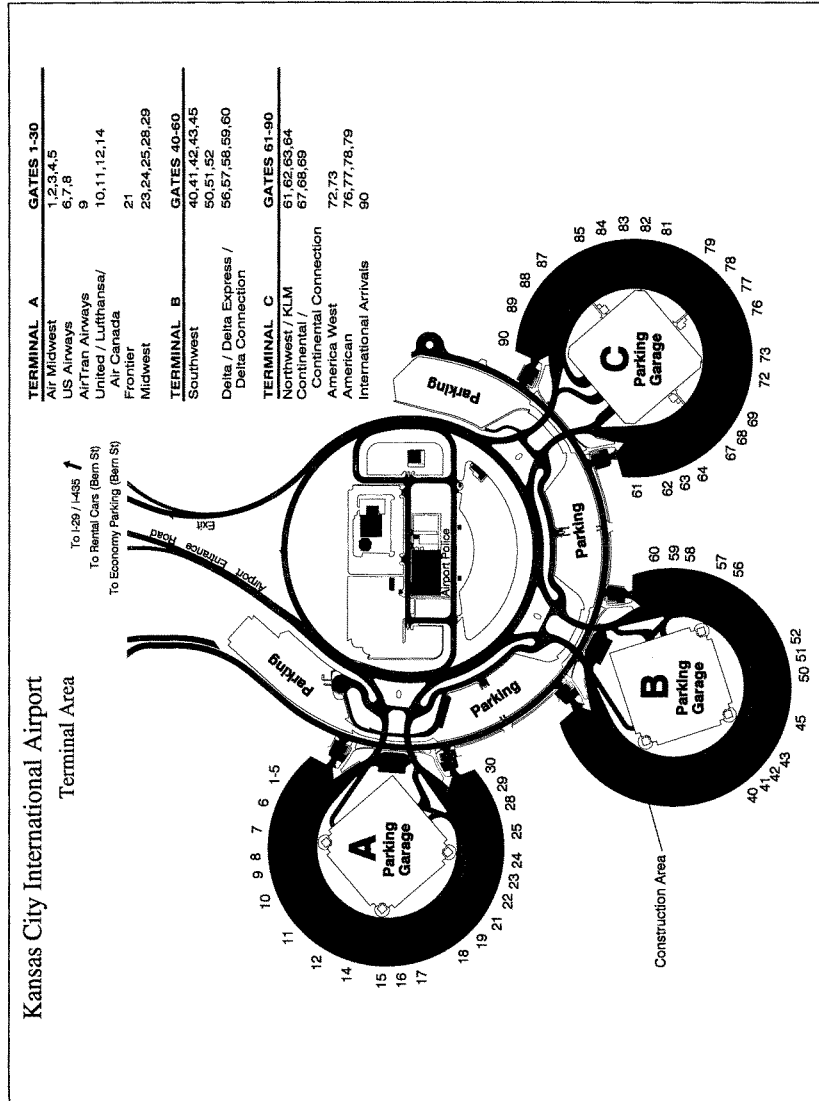
Kansas City International Airport was one of the first airports in the country to implement 100% checked bag screening through electronic means on a temporary basis despite the formidable difficulties of its unique airport layout and despite the fact that the airport was in the middle of major terminal reconstruction projects. The temporary system is not acceptable in the long term, however. Too much of our terminal lobby space is taken over by screening equipment, in particular 65 Explosive Trace Detection (ETD) machines positioned either immediately in front of or immediately behind ticket counters. Our proposed permanent EDS plan is highly cost efficient, totaling about \$40 million. Half has already been covered by an FAA AIP grant, and it is vitally important for TSA to cover the remaining \$20 million with an LOI.

A \$20 million investment by TSA at Kansas City would be a sound investment and highly cost effective. Indeed, our planned in-line system would save TSA money by actually reducing the number of personnel required to conduct baggage screening. We estimate that TSA would save about \$4.5 million annually in screening costs, by allowing TSA to reduce screening personnel. As a result, the project will pay for itself in less than 5 years.

TSA has said that it will not issue any more LOIs beyond the first eight airports. This is unacceptable and Congress needs to take action that will provide TSA with the resources to provide LOI funding for Kansas City International Airport and other worthy airports. Without an LOI commitment, Kansas City's ability to fund these and other critical safety and capacity projects might be in jeopardy.

In conclusion, the pilot private screening program has worked well at Kansas City International Airport, and has demonstrated that under appropriate circumstances private screeners under the direct control and supervision of the TSA will perform excellent security and customer service.

Mr. Chairman, this concludes my prepared remarks and I would be pleased to address any questions you and the Members of the Subcommittee may have. Thank you for this opportunity to present Kansas City's views on these important topics.



WRITTEN TESTIMONY OF



JOHN DEMELL
PRESIDENT
FIRSTLINE TRANSPORTATION SECURITY, INC.

BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
U.S. HOUSE OF REPRESENTATIVES

RESULTS OF THE
AIRPORT SCREENER PRIVATIZATION PILOT PROGRAM (PP5)

APRIL 22, 2004



Written Testimony of John DeMell, President
FirstLine Transportation Security, Inc.
April 22, 2004

Chairman Mica, Ranking Member DeFazio, and Members of the Subcommittee, thank you for the opportunity to assist the Subcommittee's important review and assessment of the Airport Screener Privatization Pilot Program ("PP5").

Overview

Since November 2002, FirstLine Transportation Security, Inc. ("FirstLine") and our nearly 700 professional employees have provided pre-departure passenger and baggage screening services for the Transportation Security Administration ("TSA") and the traveling public at Kansas City International Airport ("KCI"). On a site visit last fall, then-TSA Administrator Adm. James Loy stated that the FirstLine-TSA KCI screening partnership is going "very, very well."

FirstLine is a subsidiary of SMS Holdings Corporation ("SMS"), a U.S. privately-owned company with a sixteen year history of providing security, aviation, and facility maintenance services across the Nation. In April 2002, SMS acquired the management team and certain assets (excluding pre-board screening contracts) of International Total Services, Inc. ("ITS"), a company that for over twenty years had provided passenger screening and airline services across the U.S.

The SMS family of companies also includes Valor Security Services, with employees protecting over 160 enclosed shopping malls in 32 states; Service Management Systems, a leading provider of facility services management to multi-use facilities in 32 states; and PrimeFlight Aviation Services, whose 4,000 employees provide airside and landside services in 60 airports nationwide.

Under the Aviation and Transportation Security Act ("ATSA"), TSA assumed responsibility for pre-board screening of passengers and luggage at all U.S. airports. In addition, as required by Congress, TSA implemented a pilot program using private contract screeners in lieu of federal screeners at five commercial airports (Kansas City, MO; San Francisco, CA; Rochester, NY; Tupelo, MS; and Jackson Hole, WY) to determine the feasibility of using private screening companies in concert with federal oversight. The five selected airports represent a facility in each airport category.

Under the pilot program, which has come to be known as the "PP5 program," private screening contractors must meet the same overall hiring, training, and security requirements as those locations employing federal screeners. The employees of the PP5 contractors receive training from TSA and work closely with TSA site managers to ensure that security measures are consistent with TSA's procedures. In addition, private screeners receive enhanced professional training from the private entities, such as FirstLine. It is a partnership in which we share TSA's mission to protect the Nation's transportation systems. It is a partnership geared towards a "win-win" result, and it is a partnership in which we are proud to play an important role.



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Now in its second year, TSA's PP5 program ideally should provide valuable data and insight to Congress, TSA, and airport operators on the feasibility and complementary effectiveness of using private screening firms under federal government oversight and with strict adherence to the federal airport security guidelines.

Today, FirstLine is very pleased to provide the Subcommittee with our perspective on the shift from the pre-9/11 screening model, our experience as one of the PP5 private sector contractors, the advantages that have resulted from the hybrid approach of using private airport screeners in partnership with TSA, and the opportunities that still remain unrealized.

To maximize the benefits of the pilot program:

- Private screening contractors and TSA must maintain a seamless, cooperative, and mission-sensitive partnership.
- TSA must continue to provide overall supervision and accountability for aviation security policies and procedures, including control over safety standards and hiring practices. This requires high caliber airport screeners paid at federally determined minimum compensation levels.
- However, while working within these parameters, private screening contractors at the pilot sites must not be required to identically mirror every procedure used at airport locations employing federal screeners, simply for the sake of "sameness."
- Rather, as Congress intended, the pilot project should truly serve as a test of the private sector airport security screening concept by giving private screening contractors sufficient flexibility to implement private sector innovations and creativity, which could lead to higher passenger security at the most efficient cost to the taxpayer.

The Pre-9/11 World

The deeply tragic events of September 11, 2001, forever changed passenger screening operations. To better understand how far we have come during the past two years, it is essential to recall how the pre-9/11 screening process worked and the safety disincentives that were created by a least-cost contracting dynamic.

Under the old system, private screening companies aggressively competed to secure contract awards from each airline carrier. Security was treated just like any other airline contractor commodity, with the winning bid usually being the lowest price. Since most of the security screening costs reside in labor expenses, these low-bid awards yielded a minimum wage work environment and atmosphere. In addition, the selection of



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equipment used at checkpoints reflected budgetary caution rather than safety concerns, and was often as much as twenty years old.

Passenger throughput needs often overrode sound safety decisions. Complicated by the airlines' financial responsibility, the government failed to sufficiently oversee checkpoint passenger screening, and the Federal Aviation Administration's ("FAA") training program lacked content and breadth. In short, the cross-purposes and financial incentives clearly tilted toward making checkpoint passenger screening just another line item to be constantly squeezed in an already financially-challenged industry.

As airline contractors in the pre-9/11 world, private screening companies assumed a broad array of responsibilities. These included worker recruitment, background checks, drug testing, and hiring; maintenance of all personnel files; and initial classroom, on-the-job, and recurrent training. Screening companies were contractually responsible to the airlines for any performance failures, which could include failing an FAA test or any other performance failure resulting in a breach of protocol, policy, or procedure. Failure to meet guideline standards in any area of responsibility could result in significant fines.

Of course, all of this changed after 9/11 with passage of the Act. While under contract to the government and during the interim twelve month period before complete federalization of airport screening, members of the current FirstLine management team were responsible for the operation of and ultimate transition to TSA of checkpoint security screening at over 100 airports with over 12,000 screeners.

The Shift to the PP5 Program: FirstLine's Early Experience

From its inception, the PP5 program has not been without its systemic challenges. Faced with a daunting mandate to immediately assume nationwide security for the U.S. passenger air transport system while also creating a corresponding private sector partnership, the PP5 became TSA's second-tier priority. While much has changed, the lack of early attention by TSA for its "orphan child" created barriers that have not been easily overcome, and diluted many of the advantages that could have been more readily embraced with greater clarity and priority in the PP5's early days.

On October 8, 2002, TSA awarded FirstLine a PP5 program contract that initially called for 511 full-time employees to provide passenger screening at KCI. Although not a part of the original RFP, we were later requested to take on responsibilities for checked baggage screening, which we successfully accomplished in order to meet the December 31, 2002 mandated deadline. The new (continually adjusted) number grew to over 700. Presently, our approved "right sized" employee level is 683 employees.



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In order to meet our personnel requirements, we recruited over 5,000 potential applicants through various recruitment methods. These included print and radio announcements (including placements with minority-oriented publications and stations), as well as the efforts of a professional recruitment firm, Job Plex. From this applicant pool, 3,494 candidates successfully completed our corporate pre-screen process, meaning that we might consider each individual for employment provided he or she successfully completed TSA's assessment and qualification process.

After our pre-screen, each candidate was referred to TSA's "Quick Screen" application process conducted under contract by NCS Pearson. Of the original 3,494 candidates, 2,337 cleared the Quick Screen process and began "Phase I" of the TSA assessment process. Following Phase I assessment, this pool shrunk to 1,318 individuals who qualified for "Phase II" assessment.

At the end of this NCS Pearson process, 1,021 applicants were eligible for referral to TSA training conducted under contract by Lockheed Martin. From this assessment-qualified pool, 647 of the original 5,000 applicants were selected for referral to Lockheed Martin for training. Only 582 of these candidates completed all required training and, accordingly, became eligible to be hired for screening positions.

It is important to note that, at no time did TSA, NCS Pearson, or Lockheed Martin permit PP5 contractor access to either the assessment or training process. We did not know why certain individuals cleared or did not clear the assessment or training procedures. We were specifically prohibited from shaping or gaining any insight into the parameters under which our soon-to-be employees had been qualified.

On November 19, 2002, just over a month after the contract award and only several days before the Thanksgiving holiday traffic, FirstLine assumed control for meeting the staffing requirements for checkpoint screening at KCI. In addition, despite the unexpected post-contract change in staffing requirements to accommodate checked baggage screening, I am also proud that our personnel fully met this additional mandate of December 31, 2002.

The Assessment and Training Process

The initial assessment and training process failed to produce the required number of qualified applicants. Recall that the number of required screeners had increased beyond the original 511 requested due to the baggage screening requirement added to the contract after the award date. However, once NCS Pearson, TSA's assessment contractor, met the initial head count and/or time frame demands of its contract with TSA, it simply closed up shop and moved on to another location.



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From the outset, because of this system breakdown, we never had the "required" number of trained screeners to meet the initial head count demand. Of equal importance, there existed no "ready pool" of applicants available to satisfy both anticipated and unanticipated employee attrition.

The absence of ongoing or as-needed assessment and training, coupled with a mandated cross-training requirement that effectively took an average of twenty screeners per week off the lines for seven weeks in advance of the busy summer travel season, resulted in an inability for FirstLine to replenish our screener ranks to meet the demand. On May 23, 2003, the Federal Security Director elected to bring in the Mobile Screening Force, a group of federal screening employees gleaned from excess staffing at several airports, to assist in filling the gap.

However, our key staffing issues remained unaddressed for eight months -- from November 2002 to July 2003 -- during which time TSA's contractors did not institute a repeat assessment and training process for FirstLine and Kansas City. Despite the frustrations that this situation caused, FirstLine and our local TSA partners rose to the challenge and were able to maintain high levels of operational integrity. At no time was security compromised. Not until Summer 2003 did we have the ability to recruit an additional pool of 1,763 applicants, of which 183 were certified, hired, and scheduled on the checkpoints, allowing for the Mobile Screening Force to be relieved of its responsibilities on July 29, 2003.

In short, FirstLine's ability to meet our obligations with TSA at full staffing levels could not be realized because the assessment and training contractors were limited -- by their own contractual arrangements -- to the number of individuals that could be assessed and/or trained.

It should be noted that a subsequent recruitment, assessment and training initiative, begun in January 2004, is now nearing completion. At its conclusion, FirstLine will have added approximately 133 fully certified, cross trained screeners to our staff.

Our processes and success in recruiting qualified individuals have been a source of pride for FirstLine in that not only have we fulfilled our part in the new hire process, but we have also been recognized locally for these efforts.



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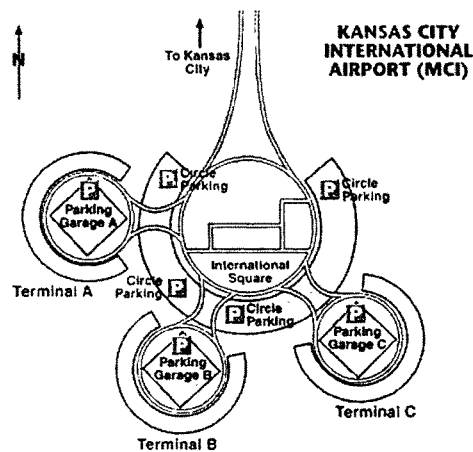
FirstLine's KCI PP5 Responsibilities and Challenges

While it is difficult to overstate the impact that the assessment and training processes had on our first year as a PP5 contractor, it is far easier to articulate FirstLine's responsibilities in relation to our TSA client and KCI's Federal Security Director.

Specifically, FirstLine is responsible for managing the screener workforce with respect to all human resource-related functions. This includes the establishment of compensation schedules at TSA-approved levels; performing payroll-related activities; rewarding and disciplining for performance; hiring and firing; orchestrating shift bids; and scheduling. All of our KCI expenditures, including all compensation-related matters, are submitted on a monthly basis to TSA for review, approval, and payment under the terms of our contract.

In addition, FirstLine is responsible for all other areas not directly associated with security-related policy, procedure or process, which instead fall entirely within the domain of the Federal Security Director and TSA. As a result, we have a strong partnership at KCI, where TSA concentrates on directing and overseeing all security-related operational matters, while FirstLine fulfills the administrative and human resources component.

We are particularly proud of the work that our employees perform at KCI given the very unique facility issues presented by the airport's layout. For those of you who have not traveled to or through KCI, the airport is arranged in three horseshoe-shaped terminals, with the distance between a jetbridge entrance and the airport exterior entrance only a matter of a few dozen feet. It is possible to deplane and be outside meeting your ride within minutes.





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This configuration currently requires 11 screening checkpoints and 6 baggage screening stations, exacerbating the need for balancing our workforce between checkpoints and baggage screening stations. In comparison, Hartsfield International Airport in Atlanta has 4 screening checkpoints.

Moreover, once a passenger clears security, another unique aspect of the airport layout that increases our employee's workload is the fact that access to restroom facilities, food and refreshments, and many other creature comforts or needs reside outside the secure area. Given passenger ingress and egress from the secure area, this creates the need to "double screen" many passengers.

Finally, to throw just one additional variable into the mix of our PP5 experience, KCI is presently undergoing a \$258 million renovation program. The work plan and construction progress have resulted in twenty-four temporary and permanent airline gate and ticket counter relocations, which, in turn have demanded concurrent operational and scheduling flexibility.

In the end, TSA is our client, and despite the process and facility challenges that have been thrust upon FirstLine, our constant goal has been to ensure that our job is accomplished to the exacting standards required of every checkpoint and baggage screening operation around the Nation.

We welcome the open dialogue and close working relationship that we have been able to develop with Richard Curasi, KCI's Federal Security Director, to ensure that the security responsibilities for KCI are collaboratively met. Director Curasi's central focus on our shared security mission, and his personal efforts to foster a true partnership environment between his TSA and our FirstLine teams at KCI, are critical to the success of this evolving public-private screening model.

PP5 Advantages and FirstLine Innovations and Enhancements

As FirstLine continues the second year of our public-private partnership, despite all of the challenges that we have faced as part of this TSA learning experiment, we are proud to be a key part of a passenger security system that is no longer treated as an airline-driven commodity. This fact alone significantly enhances the mission at hand.

Our service as a TSA contractor provides a "win-win" situation for both the government and responsible private sector innovators such as FirstLine. TSA has a core security mission to achieve, and FirstLine as its contractor is focused on going "above and beyond" that which is required to deliver results for TSA and the traveling public.



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FirstLine fully supports TSA oversight and control of the safety and security of our Nation's airports. All private contractors must continue to be supervised and held accountable to high safety standards by TSA. The inherent potential conflict between costs and safety that existed in the pre-9/11 model is now eliminated and must remain so.

However, in addition to creating, maintaining, and protecting high safety standards enforced by TSA, today's post-9/11 hybrid model of airport passenger security screening also allows the PP5 contractors to leverage inherent, private sector advantages. This allows TSA to benefit from our flexible, timely solutions to employee concerns or employee performance discrepancies, and to benefit from our ability to quickly implement ever-evolving, industry best practices in workforce management. This post-9/11 screening model has also created an environment in which the PP5 contractors act as private sector laboratories that foster innovations that could be adopted TSA-wide.

FirstLine is proud of the managerial enhancements and innovations we have implemented at our KCI operation.

We have established several basic industry best practices, such as creating a General Operations Guide (GOG), which is available to TSA through secured Internet access. The GOG fully documents all programs and procedures for the entire FirstLine operation. We have also developed the Employee Handbook, which documents procedures and rules for required employer/employee behavior.

We have established an Operations Center, functional 24 hours a day/seven days a week, that tracks staffing levels (actual vs. scheduled) and appropriate screener deployment, and coordinates all major FirstLine communications to and from TSA and airport and airline officials. The Operations Center, as well as our current scheduling system, coupled with the protocols that guide and direct their operation, are some of the key reasons why we are able to respond effectively to operational situations and deploy the appropriate level of screener staff where and when they are needed. Our recent procurement of advanced new scheduling technology will further enhance scheduling efficiency and the resulting contributions to security and customer service.

We have also adopted hiring criteria that require all candidates to have a high school diploma or the equivalent -- a more stringent standard than TSA directives require. We have established and formalized an attendance and punctuality policy, which is coupled with a process of corrective actions and disciplinary programs. In keeping with our objective of continuous review and improvement, these programs are currently undergoing intensive review and will benefit from employee input. This includes effective input from our Employee Advisory Council (EAC), a group that provides an



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official forum for our screening staff to have real input into the policy decisions we make that directly affect them.

We have developed a standardized employee review process to identify employee counseling needs and areas for improvement, as well as to measure and quantify our employees' successes and positive contributions. This evaluation is separate and different from the TSA-directed Annual Proficiency Review, which is more operational and procedural in nature. We have also implemented an outprocessing procedure for those who leave our employ for any reason, which includes an exit interview.

We have constantly reviewed our management staffing levels in order to become more efficient and have identified beneficial opportunities to reduce our frontline operational management complement from 13 to five. Overall, our screener workforce is led and supported by twenty-seven on-site management and administrative personnel. Our team successfully conducts the critical human resources and administrative functions, while TSA maintains the security-related operational and procedural direction and oversight. The specific responsibilities of the approximately forty local TSA staff at KCI are under the complete purview of TSA.

In order to create additional operational efficiencies, we have implemented several industry best practices and controls procedures over the acquisition of consumables and expendable purchases. These materials management programs have saved or avoided additional costs of over \$20,000 a year. We have established significant controls regarding our communications costs at a savings of over \$33,000 for the first two years of the contract.

These procedures, coupled with our additional inventory controls for expendables, reuseables, equipment and uniforms form a solid program to continuously monitor costs, control inventories, and demonstrate value for the PP5 program. Our success in this regard has prompted TSA to come to FirstLine and request that we handle additional procurement requirements, such as the acquisition of consumables for the electronic trace detection (ETD) security equipment.

Our comprehensive preventative maintenance program for security equipment, with established checks on a daily, weekly and monthly schedule, has been recognized as highly effective by TSA and Siemens, the equipment subcontractor, contributing to a significantly low requirement for non-routine maintenance.

We have instituted several processes to efficiently manage our payroll requirements, which in turn have resulted in extremely high levels of paycheck accuracy.



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Our facilities, supporting office equipment, and furniture needs have been satisfied through pro-active cost-conscious efforts taking advantage of, to a great extent, the availability of used (yet functional) equipment and very favorable facilities leasing options.

Overall, we are confident that the private industry techniques that we have brought to the partnership have contributed tens of thousands of dollars in savings per year to the government and taxpayers.

We have built an impressive array of communications tools that convey vital information throughout the company, and help us remain in touch with, and responsive to, our employees' concerns. FirstLine's weekly newsletter, *Plane Talk*, includes news, features and regular contributions from our FSD at KCI. FirstLine also publishes an expanded quarterly newsletter, *One Team, One Mission* (copy attached), which serves a similar function. We have instituted a comprehensive bulletin system which communicates all procedural changes, and highlights information important to our employees and the tasks at hand. We have also established a suggestion plan and toll-free telephone number to solicit employee ideas.

We are especially proud of FirstLine's Tuition Assistance Program. Employees, after completing six months of employment, may seek reimbursement for classes taken at an accredited college/university. The classes do not have to be job related. The maximum reimbursement to an employee for tuition reimbursement, with benefits corresponding to company tenure is \$10,000.

We have established a wide array of employee recognition programs that commend our staff members for their accomplishments on a monthly, quarterly and annual basis. We have also taken opportunities at holidays or significant milestones, such as our first anniversary, to offer additional incentives and expressions of appreciation, including prize raffles and refreshments.

FirstLine makes a continuing, major commitment to training and evaluation. Screeners are cross-trained to perform as baggage screeners and passenger checkpoint screeners. All screeners must now successfully complete the training for both screening positions as a requirement for employment at FirstLine. Each screener also receives a minimum of three hours of continuation training each week. The cross-training, coupled with continuing training programs, further improves the efficiency of our staffing in order to meet routine as well as exceptional operational needs.

Employment Awareness Training (EAT) is provided for new employees, and includes customer service training, special training for customers with disabilities, and sexual harassment, HAZCOM and injury/illness prevention training. All new employees must also watch a news video entitled "Remembering 9/11," which reinforces the message of



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"why we are here" and how we share TSA's mission, both of which are points we strive to inculcate on an ongoing basis. This video viewing, along with EAT, must be repeated during annual recurrent training.

FirstLine has implemented other training programs, all with ultimate TSA approval and consistent with our shared mission objectives. These include a process using training objects, training conducted by mobile screener training teams, and enhanced remedial and return to duty programs that further support the operational quality and effectiveness of our workforce. Finally, our screening supervisors, who are initially selected through our specially developed leadership selection process, go through additional recurrent and advanced training in leadership, ethics and coaching.

FirstLine personnel also conduct internal audits of all company programs and processes, in both operational and administrative areas, to evaluate processes and ensure continuous improvement. Customer surveys at gate checkpoints are solicited as well. We have even developed an additional evaluation program, which we call the Mystery Shopper Program, that uses employees from throughout the SMS Holdings Corporation family of companies to covertly evaluate FirstLine's screeners' performance as they pass through KCI checkpoints.

For all of these enhancements and innovations, TSA approval has been required. In key instances, these results derived from significant collaboration we initiated with TSA, as represented by the local KCI Federal Security Director. One particularly collaborative effort has been our locally developed 21 point metrics measurement system, which endeavors to provide an objective performance measurement for KCI screening operations in ten critical success factors and eleven other supporting factors. Our performance, as measured against these 21 factors, can now be evaluated more objectively.

In our role as a PP5 program contractor, we continue to believe that our ability to bring private sector workforce management enhances and improves the screening product that our employees deliver at KCI everyday.

Future Opportunities

The success that we have experienced in charting new waters with TSA through private sector leadership in the PP5 program offers Congress, TSA, and airport operators the ability to more proactively evaluate the positive role of private screening contractors in future screening partnerships. Specific adjustments that FirstLine recommends for immediate incorporation into the PP5 test pilot, and that would in no way compromise the high security standards that must be uniformly maintained, include:



Written Testimony of John DeMell, President
FirstLine Transportation Security, Inc.
April 22, 2004

- Increased local decision making ability -- both at the FSD and contractor level -- regarding items such as local control and implementation of assessment and training. Both assessment and training are critical to maintaining staff levels and to controlling overtime. FirstLine has recently responded to a TSA Request for Proposal (RFP) to provide local assessment of screener applicants. Our response to the RFP builds on our experiences in order to achieve higher success rates and employment results.
- Local TSA and/or contractor ability to respond to passenger traffic requirements.
- Adoption of a process for peer-to-peer discussion of security challenges between TSA and the contractor partners.
- Flexibility for TSA and PP5 contractor to initiate training initiatives at the local level. While this has improved over the last several months, TSA approvals for such initiatives can take well over six months.
- Development of permanent, objective benchmarks for comparing the PP5 approach in meeting required mission standards to the overall federal screening program. Presumably, the BearingPoint study could provide a basis on which to build for this process.
- The timely sharing of pertinent, local KCI data gathered by TSA, such as Performance Management Information System (PMIS) and Threat Image Projection System (TIPS) data in usable formats to help us with our internal quality controls and evaluations.
- A broader commitment to the public-private partnership in order to inculcate best practices and enhance cost efficiency without compromising the mission at hand. Contractors should be allowed to more appropriately leverage private sector strengths, while government regulates and enforces safety standards and quality.

* * *

Mr. Chairman, our PP5 experience has convinced us that the private sector has much to offer TSA in our post-9/11 model and approach to passenger and baggage screening. With continued, appropriate modifications to the PP5 program, these contributions could be even more easily identified and measured in the future.

On behalf of FirstLine and our employees, we are committed to ensuring that our work for the traveling public at KCI and partnership with TSA continues to enhance the security of our airline passenger system. FirstLine is available to provide any additional information the Committee may request.

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STATEMENT OF CLARK KENT ERVIN

INSPECTOR GENERAL

U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON AVIATION

U.S. HOUSE OF REPRESENTATIVES

APRIL 22, 2004

Mr. Chairman, Members of the Subcommittee: I am pleased to appear before you today, to discuss the Department of Homeland Security, Office of Inspector General's review of the Transportation Security Administration's (TSA) pilot passenger and baggage screening program.

On November 19, 2001, the President signed the Aviation and Transportation Security Act (ATSA) that created TSA. ATSA required TSA to assume control of security screening at all national airports in the United States. ATSA also required TSA to implement a two-year private security screening pilot program designed to determine whether, with proper government supervision and controls, private contract screening companies could provide and maintain passenger screening performance levels and protection equal to or greater than the TSA federal screener workforce. On October 10, 2002, TSA awarded four pilot program contracts covering five different sized airports, including San Francisco International (Covenant Aviation Services), Kansas City International (International Total Services, subsequently renamed First Line Security), Greater Rochester International (McNeil Technologies), Jackson Hole Airport (Jackson Hole Airport Board), and Tupelo Airport (Covenant Aviation Services). The pilot program began at the five airports on November 19, 2002 and is scheduled to end November 2004.

OIG evaluated the pilot airport program with specific emphasis on (1) the effects of TSA's role in recruiting, hiring, deploying, and training screeners; and, (2) TSA's oversight of the pilot program, including steps taken by TSA to monitor program operations, and measure and evaluate contractor performance.

OIG found that there is not a sufficient basis at this time to determine conclusively whether the pilot airport screeners performed at a level equal to or greater than that of the federal screeners. Available data from limited covert testing suggest they performed about the same, which is to say, equally poorly; however, this result was not unexpected, considering the degree of TSA involvement in hiring, deploying, and training the pilot screeners. TSA needs to develop measurable criteria to evaluate both contractor and federal screeners properly. In addition, TSA's tight controls over the pilot program restricted flexibility and innovation that the contractors may have implemented to perform at levels exceeding that of the federal workforce. TSA needs to establish a more robust pilot program that allows greater flexibility to test new innovations and approaches. OIG has discussed these conclusions with TSA officials, and will be submitting a formal draft report for TSA's comments shortly.

Measurability of Pilot Program

TSA had not developed or implemented adequate guidance to monitor, measure, and evaluate the results of the pilot program contractors' screening performance. In addition, specific program standards and performance goals were never developed in order to compare private screener performance against the federal screener workforce. On October 1, 2003, a contract was issued to Bearing Point to address some of these issues.

Without specific program standards to measure achievement, the pilot program cannot be adequately evaluated against the federal screening program.

Further, the lack of central monitoring and management of the pilot program by TSA resulted in different guidance being provided to the individual pilot program airport contractors, and the contractors interpreting the guidance differently. This resulted in operational differences relating to the issues of screener testing, use of training coordinators, and the promotion process, further complicating comparisons of pilot program and federal screeners.

To evaluate the pilot program's effectiveness, TSA needs specific screener performance goals to measure against. When asked, TSA pilot program officials were unable to identify any specific pilot program performance goals or identify where the pilot program was supposed to be at the end of the two-year timeframe.

TSA's Level of Involvement

TSA chose to have a high level of involvement in the pilot program presumably to ensure that the pilot airport screeners would operate at a level at least equal to screeners at federalized airports. Unfortunately, as OIG as well as TSA penetration tests have shown, the performance of screeners at both federalized and pilot airports needs improvement. Moreover, TSA's level of involvement generally eliminated any role the contractors may have played in improving the program.

Hiring Limitations

The inability to independently hire screeners left pilot program contractors totally dependent on TSA to obtain their initial workforce and to backfill any vacancies caused by attrition, or meet peak period needs, during the first year of the contract. As a consequence, the pilot program contractors could not effectively and immediately address problems with high attrition levels, understaffing, excessive overtime, and employee morale issues.

Hiring Shortages

Shortly after the pilot program began, Covenant and First Line Security experienced high levels of attrition. However, due to the high rejection rate of screener applicants, they depleted their pools of eligible candidates during the initial hiring phase, and were unable to backfill the positions as they became vacant in the San Francisco and Kansas City airports, respectively. As a result, the two contractors were understaffed and incurred large amounts of overtime. According to contractor officials, because of the shortage, screeners were unable to take their requested time off, which led to job dissatisfaction. Additionally, due to the extended periods of overtime hours the possibility exists that the ability of the screeners to detect threat items was diminished.

The staffing shortage at Kansas City Airport was so severe that, to meet the minimum staffing requirements and to ensure airport screening security, TSA temporarily deployed 68 federal screeners to 2 passenger checkpoints and 3 baggage screening areas. The federal screeners were deployed to the Kansas City Airport for two months, costing TSA over \$1 million. Thus, TSA's role in alleviating the staffing shortage prevents drawing any firm conclusions as to how private contractors would independently handle such staffing shortages. This becomes especially important if in the future numerous airports are allowed to hire private contractors and the pool of federal screeners is not available to fall back on during staffing shortages and others ways of solving shortage problems have not been considered and tested.

The Jackson Hole Airport contractor was affected by seasonal work requirements not accounted for by the TSA staffing model. The airport has two periods during the year with a high influx of passengers that greatly increase the number of screeners needed. During the slow periods of the year, Jackson Hole laid off screeners. When Jackson Hole attempted to rehire the screeners for its peak season, the screeners had already found employment elsewhere. Therefore, Jackson Hole was unable to fill the vacant positions until TSA opened an assessment center that is used to screen and select from available applicants.

Jackson Hole faced difficulty in getting TSA to open an assessment center for its peak season. After extensive requests from Jackson Hole, TSA opened an assessment center barely in time to meet the airport's high season needs. Had the pilot program contractor been able to perform its own hiring, as with most government contracts, Jackson Hole stated that they would have started the hiring process much sooner and would have hired and trained new screeners well before the additional staffing needs arose.

Applicant Screening

The TSA assessment process prevented Covenant from hiring applicants whom they believed were qualified to be screeners. During the second round of screener recruitment, Covenant pre-screened all the applicants prior to sending them to the TSA assessment center. The pre-screening process included interviews with screener supervisors and human resource personnel. In addition, the contractor conducted drug, English aptitude, and threat image recognition tests.

The contractor and airport level TSA officials believed that the contractor's pre-screening process would increase the assessment pass rate for the pre-screened applicants. Specifically, the contracting officials stated they would have hired the 225 applicants they pre-screened, which would have resulted in more than enough qualified screeners to fill 100 part-time screener positions. However, only 70 (31 percent) passed the TSA assessment process. After the second round of recruitment, the contractor was still 30 part-time screeners short of its optimum staffing level. The contractor had to wait for future TSA initiated assessment centers before it could attempt to fill the remaining vacant positions.

First Line Security also pre-screened its second round screener applicants prior to sending them to the TSA assessment center. Unlike Covenant's detailed pre-screening process, this contractor basically verified applicants' U.S. citizenship and high school diploma or general equivalency diploma. Of the 900 pre-screened applicants they pre-approved, only 323 (36 percent) passed the TSA assessment process.

According to San Francisco TSA and Covenant officials, the assessment pass rates for the two contractor's pre-screened applicants almost mirrored the previous average pass rate of 30 percent, when little, if any, applicant prescreening, was performed. In attempts to improve the applicant pre-screening process, airport level TSA and contractor officials requested the TSA hiring criteria for screeners from TSA headquarters. TSA headquarters would not provide contractors and local TSA officials the information or allow them to independently process and hire their own applicants.

Staffing Limitations

In addition to the inability to hire screeners when needed, pilot program contractors were unable to staff screeners efficiently according to the airports' varying workload demands or to select employees who were best suited for the screener positions.

Staffing Levels

The pilot program contractors were restricted in the number of screeners they could hire, which was limited to the TSA staffing models. TSA established the staffing models in general terms, and TSA did not take into account each airport's unique factors, such as the Jackson Hole Airport seasonal passenger load requirements and the indirect screeners' requirements, such as training, leave, and other indirect hours for all the contracts. Consequently, although Jackson Hole and Covenant hired the maximum number of screeners TSA approved, the two pilot program contractors believed they needed additional screeners to achieve optimum performance.

Furthermore, although the TSA pilot contract award press release and the pilot program contracts stated a requirement for baggage screening, TSA did not include the authorizations for baggage screeners in the initial hiring or staff level. Because pilot program contractors were required to provide checked baggage screening, screeners were deployed to perform baggage screening duties even though they were hired as passenger screeners.

Part-time Screeners

Due to the constraints of the initial TSA staffing model, Covenant believed it was not allowed to hire part-time screeners. With only full-time screeners available, Covenant did not have the flexibility to adjust staffing levels to accommodate the airport's peak and slow periods, resulting in excessive downtime during the slow periods and excessive overtime during the peak periods. After recognizing the need to optimize staffing by accommodating airports' varying passenger loads, TSA began hiring part-time screeners

at national airports and approved Covenant to hire part-time screeners to backfill its continued attrition in July 2003. On the other hand, three pilot program contractors hired part-time screeners since the beginning of the pilot program. During discussions with the TSA program manager in June 2003, he was uncertain of whether pilot program contractors were allowed to hire part-time screeners. However, initial TSA job announcements for airport security screeners advertised part-time screener positions at federally screened national airports as early as June 2002 and at one pilot program airport in July 2002.

Supervisory Positions

Based on screener applicants' test results, the assessment center categorized the eligible applicants as "screeners," "lead screeners," or "screener supervisors." As a result, the pilot program contractors hired the screeners and supervisors accordingly. However, in many cases the applicants selected as supervisors did not have the proper supervisory training or experience to meet the needs of the position. The lack of proper supervisory training issue was also supported by a recent TSA study on passenger screener performance improvement¹.

This issue became particularly troublesome for Jackson Hole who interpreted the pilot contract to allow the hiring or promotion only of candidates who initially qualified as "supervisors." Consequently, the pilot program contractor strictly hired and promoted supervisors based on their initially assessed screener category. The other three pilot program contractors, on the other hand, promoted screeners based on their ability or potential to supervise or their previous supervisory experience in screening.

Training Limitations

Because TSA also controlled and approved all the training for screeners, pilot program contractors were not able to meet their training needs in a timely or efficient manner.

Cross Training

TSA did not provide the initially hired screeners training in both passenger and checked baggage screening, which was preferred by pilot program contractors to provide flexibility in staffing. Instead, TSA provided only passenger screening training to those hired as passenger screeners, and checked baggage screening training to those hired as baggage screeners. As a result, pilot program contractors did not have the ability to cross-utilize the screeners in both screening areas when needed. Additional training for the baggage screeners had to occur during normal daily operations.

To attain staffing flexibility, pilot program contractors, with approval from local TSA, cross-trained passenger screeners in checked baggage screening on their own. After recognizing that cross-training screeners would allow optimum usage of screeners, local

¹ *Passenger Screener Performance Improvement Study - Performance Analysis Final Report, July 2003.*

TSA worked in conjunction with pilot program contractors to cross-train new screeners in both screening areas after the initial training, if necessary. In June 2003, TSA began providing new screeners training in both passenger and checked baggage screening at one pilot program airport. According to the TSA program manager, although not currently available, TSA plans to implement dual initial training at all airports, including pilot airports, as soon as possible.

Training Differences

Inconsistent training also resulted in the inability to cross-utilize screeners. Covenant discovered that screener performance was inconsistent throughout the airport. In the pilot program contracting official's opinion, the inconsistent screening performance resulted from training differences received during the initial TSA on-the-job training process. Consequently, the pilot program contractor was unable to deploy screeners throughout the airport until they performed the screening procedures in the same manner.

Training Standards

Although TSA believes that ongoing training is critical to maintaining and enhancing screener skills, TSA did not provide, or fully develop, or set the standards for sufficient recurrent, remedial, and supervisory training to ensure that screeners are effectively trained and supervised. Comprehensive and frequent training are the key to screeners' ability to detect threat objects. In addition, studies have shown that ongoing training can lead to more effective performance and lower turnover rates. Rather than waiting for TSA to develop the screener training modules, pilot program contractors, with the approval of local TSA, officials eventually developed and implemented their own recurrent and supervisory training courses to meet their daily training needs. Moreover, to address TSA penetration test failures immediately, pilot program contractors also provided their own remedial training to screeners who failed the penetration tests. TSA still needs to develop the standards and objectives of security training so that all screeners receive appropriate security and supervisory training.

According to the GAO report on airport passenger screening, TSA planned to deploy the first of six recurrent training modules to all airports beginning in October 2003. Additionally, TSA is currently sending screener supervisors to the basic United States Department of Agriculture supervisor's course until TSA develops its own training for supervisors. TSA expects to implement the screener supervisory training in April 2004.

Training Restrictions

TSA restricted pilot program contractors from providing covert testing of screeners as part of screener training. Pilot program contractors believe that covert testing is the best way to detect training weaknesses and to measure screener performance. However, TSA prohibited the pilot program contractors from covert testing because discovery of the fake threat objects might cause panic among the screeners and passengers. However, with the

approval of local TSA officials, First Line Security performed covert testing as part of screeners training beginning June 2003. A TSA official at that airport told OIG they requested permission from TSA headquarters but received no reply, so they approved it locally. Until recently, only TSA headquarters performed the official covert testing of screeners, and that occurred about once a year.

TSA required screeners to receive three hours of computer-based-training per week. However, TSA provided only one training software package for identifying threat images and did not update the software with new images. As a result, screeners eventually memorized the threat images after a short period of time, thus rendering the training software ineffective. To provide screeners with continued effective training, pilot program contractors wanted the flexibility to purchase alternative training materials when necessary. However, TSA controlled the dissemination of training materials. Further, the pilot program contracts training budget did not include funds for training software.

Although two pilot program contractors hired in-house training personnel to address and administer screener training specifically, TSA prohibited the two other pilot program contractors from hiring in-house training coordinators. TSA believed that in-house training coordinators would be unnecessary, as they would duplicate the efforts of the regional TSA training coordinators for these two pilot program airports. Additionally, when asked by airport level TSA regional training coordinator why the pilot program airport could not have a training coordinator, TSA headquarters personnel stated that all the pilot program contracts had to be the same. As a result, these pilot program contractors delegated one screening supervisor to act as the supplemental training officer in addition to performing normal screening duties. The two pilot program contractors are therefore dependent on TSA to address their daily training needs.

TSA Management/Oversight

TSA's management and oversight of the pilot program was generally decentralized, and program and operational issues had to be routed through numerous divisions within TSA in order to be researched, discussed, and approved. When contractors and local TSA officials needed decisions and/or direction, they had difficulty getting headquarters officials to respond. Some local TSA and contractor officials found it easier, and less frustrating under the circumstances, to make their own decisions rather than seeking headquarters approval or guidance, leading to inconsistencies among pilot airport program management.

This decentralized managing and monitoring resulted in the four pilot program contractors interpreting program guidelines differently, or receiving different guidance from TSA on similar issues. This led to the types of inconsistencies among the pilot program contractor operations noted above.

According to the TSA program manager, TSA did not routinely monitor the pilot program at the headquarters level. Instead TSA relied on the airport Federal Security Director's (FSD) for monitoring. It is the TSA FSDs' responsibility to inform

headquarters of any unusual contractor practices. TSA headquarters is primarily involved in developing policy on such issues as hiring and training. However, one problem identified with this management structure was that headquarters was not aware of the operational differences occurring at each pilot program airport. When asked how these operational differences occurred, the program manager stated there has not been any formal reporting process from the Federal Security Director to the program manager. Some TSA airport officials stated it was much easier just to make their own decisions rather than contact headquarters.

Some TSA airport level staffers discussed their frustrations dealing with headquarters. The complaints ranged from TSA headquarters being non-responsive to giving inaccurate guidance relating to contracts and training. For example, one of the main conflicts related to whether it was TSA or the pilot program contractor who was responsible for providing recurrent training. In a reply to airport officials, a TSA headquarters official admitted that program management turnover with the contracting officer and program manager positions contributed to these problems. However, the official emphasized these positions have stabilized and recent improvements have been made to the program to improve efficiency and oversight.

Pilot Program Reorganization

During this audit, TSA has taken steps to improve the monitoring and oversight of the pilot program. On June 9, 2003 TSA announced that numerous changes were being made to the pilot program structure following a meeting of the leadership council on performance evaluation. One of the major changes in this structure allows the program office, which includes the program manager, to have greater influence relating to program evaluation, strategy and general management. The new structure also created an advisory board that contains external experts from industry and academia. One role of the advisory board is to provide external guidance and evaluate the program. Although the structural changes began to occur in June 2003, operational improvements were just beginning to take shape in November 2003.

On September 25, 2003 TSA implemented other positive management and oversight changes to the pilot program. Important changes included changing the organizational structure for the determination of the pilot program award fee and giving the program manager more responsibility in evaluating the pilot program contractors' performance. Prior to this date, the fee-determining official for the contract award fee was the acquisition airport operations division director. However, the Office of Acquisition is primarily involved in administering contracts and typically have minimal or no involvement with developing program objectives and goals, setting performance criteria, or running day-to-day operations of a program. The position was changed to the deputy assistant administrator, aviation operations, which is in a closer oversight position to evaluate overall contractor performance and operations.

Under the current program manager, pilot program contractors have said that there have been noticeable improvements in the pilot program in recent months. These

improvements relate to closer TSA headquarters involvement and more timely answers to contractor questions. Additionally, program communication has been strengthened between TSA headquarters and airport level personnel by having more meetings to discuss pilot program strategy and working together to solve the different problems facing the pilot airports.

Mr. Chairman, this concludes my remarks. I will be pleased to answer any questions you or the members may have.

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WRITTEN TESTIMONY OF

**GEORGE LARSON
AIRPORT DIRECTOR
JACKSON HOLE AIRPORT, WYOMING**

BEFORE THE

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES**

**ON
THE RESULTS OF THE AIRPORT SCREENER PRIVATIZATION
PILOT PROGRAM (PP5)**

**APRIL 22, 2004
10:00 A.M. , 2167 RAYBURN HOUSE OFFICE BUILDING**

Larson Testimony

Mr. Chairman, Congressman DeFazio, and Members of the Subcommittee, thank you for your invitation to discuss the results of the Airport Screener Privatization Pilot Program (PP5) at the Jackson Hole Airport.

The Jackson Hole Airport Board, which operates the Airport, has been responsible for the security screening of passengers and baggage as required by FAA and now TSA for over twenty years. As a strictly Origin & Destination Airport, we screen all of the commercial airline passengers who use the Airport. Baggage screening is accomplished with Explosive Trace Detection equipment (ETDs) located behind our airline ticket counters. The Board provided screening services to the Airlines prior to September 11, 2001 and to both FAA and subsequently TSA after 9/11. Our experience in providing screening and a stable work force in a resort area was the catalyst that prompted our proposal to the Federal Government to become a private screening contractor under the PP5 initiative.

The Airport is located in Teton County Wyoming, which has only three percent of the land available for private ownership, and was recently rated by the IRS as the wealthiest county in the nation. These conditions, combined with the strong area appeal due to the surrounding scenic beauty of the Grand Teton and Yellowstone National Parks and the plentiful outdoor recreational opportunities, create a tremendous challenge regarding housing and economic survival of a local workforce, including airport security screeners.

Post 9/11 the PP5 initiative of the Aviation and Transportation Security Act (ATSA) provided an opportunity for the Airport Board to continue to provide pre-departure passenger and baggage security screening using a previously successful small and personal management model.

Larson Testimony

Our private contract screening program has not been perfect, but it has been a success. We do continually strive for improvement. Independent Customer Service surveys are conducted each summer and winter season to assure quality screening performance. We will always have the challenge of dealing with a seasonal schedule having peak periods in both summer and winter and very little activity during the intervening shoulder seasons. In addition, our high cost of living impacts both hiring and workforce stability. Our success leads us to believe that our program should be considered as one of the models for the opt-out program. Specifically, the following is offered as rationale for airports, especially smaller airports, to consider acting as the private screening contractor.

- 1. The mission of all airports is, and always has been, to operate their facilities and provide services to the public that assure the safety and security of the traveling public. In accomplishment of this mission, we are required to adhere to a myriad of federal regulations and requirements. Federal security screening contracts fit perfectly into this mission because airports have a strong, vested interest in security.**
- 2. Under a private screening contract, when the Airport provides the private screening, there is no need to coordinate with a third agency (the outside private screening company). This streamlines the entire management process.**
- 3. An airport authority screening contract management approach provides greater efficiency in responding to the needs of the airlines. For example, increased airline boardings can be accommodated directly at the local level without additional FSD or DFSD coordination.**
- 4. With the airport private screening model there is direct, hands-on management. Therefore, reaction time is short, and changes in federal requirements or requests from the FSD can be implemented in a very short time period, if not immediately.**

Larson Testimony

5. The airport administrative function can normally manage a screening contract with less overhead personnel cost because in-place administrative and human resource functions can absorb a portion of the contractual task load.

6. Seasonal activity fluctuations can be met with creative methods of staffing, while hours worked in the slow season can be reduced through voluntary time off without pay. The airport screening model also provides the opportunity to exercise greater flexibility in meeting the needs of employees, which improves moral and interpersonal relationships on the job.

7. TSA comparable wages in addition to an attractive benefit package are quite feasible with the airport authority screening contractor. This, in turn, allows the airport to hire, and in most cases retain, quality people.

8. The Airport can provide tailored in-house training to assure the highest level of performance from their security screeners. This can vary from directly related security screening training to other training (e.g. customer service and sexual harassment) as needed.

Instrumental to any Jackson Hole Airport Board success has been the team approach taken by our FSD, Jim Spinden, and resident DFSD, Joseph Sebastian. Their oversight, cooperation, and dedication have made our efforts to conduct this private screening test program a very productive, rewarding, and enjoyable experience. They are TSA role models.

While the Jackson Hole Airport Board believes that the private screening option has a great deal of promise for interested airports, there are several areas of the process, or contract management that would benefit from improvement.

Larson Testimony

The goal of the TSA was to assure the quality of the screener workforce through the assessment process. The contractual agreements with private firms to provide assessment services may have worked well for processing candidates at large airports, but it is not cost effective or efficient on a per person basis for non-hub, smaller airports . Granted we can send personnel to a large assessment center, if it is set up and operating. However, the questionable availability and added cost of travel and per diem make this an unattractive solution. We continue to recommend that assessments be done at the FSD level. This would significantly reduce costs by not requiring that a high cost contractor assessment center be set up each time the hiring of a relatively small number of people is required. Assessments at the FSD level would allow government and private screening companies to be more cost effective in hiring and staff management because they would be more responsive to the demands of peak and off peak periods and inconsistent or changing airline schedules. The present assessment process is cumbersome, costly and leads to unacceptable delays in hiring replacement personnel for many of the Nation's airports.

Training is another area where improvements can be made. Lockheed continues to provide excellent initial training. The problem is that this initial training has not been available to some of the private contractors, and I suspect some TSA managed airports, in a reasonable period following the assessment process. As a result some candidates have had to wait as much as two months before receiving initial training. Therefore, some candidates decide to accept employment elsewhere. The loss of assessed and credentialed candidates is not only costly, but exacerbates the delay in replacing screeners. Often the airport is left with insufficient staffing or no ready pool from which to hire. We believe that in the future this initial classroom training could be effectively conducted by the local FSD at lower cost without lengthy delays following assessment.

Larson Testimony

Follow-on or recurrent and continuous TSA training is lacking for the private contractors. We have not yet received an on-line learning center (OLC), which is critical in providing the planned TSA curriculum and computer training. Additionally the private contractors should be allowed to hire, as a part of their contract, a training coordinator to assure that the quality and documentation of training is accomplished and meets TSA's goals.

The private screening contractors need greater flexibility in performing our contractual obligations. The pilot program was created to provide to Congress, TSA, and the public an evaluation of how well a non-federal screening company could deliver pre-departure screening services in full compliance with the Standard Operating Procedures established by the TSA. More flexibility is essential if private contractors are expected to be able to demonstrate the benefits of a private contract program. Less flexibility only serves to undermine an objective evaluation of the private screening program. In the future, within a negotiated contract cost cap, the government should let the private contractor determine the number and promotion selection of employees, manage the timing related to hiring and training of screeners and methods of accomplishing training, structure employee advancement, incentive and benefit programs, and create a preferred management approach. Because the Jackson Hole Airport Board enjoyed a certain degree of flexibility in their contract, we were able to operate during the first year of the contract at 15% or \$522,956 below the contract ceiling.

Airports conducting private contract screening is a natural. The pilot program has provided the opportunity to prove that private screening conducted by an airport authority can be effective and efficient. The Jackson Hole Airport Board's security screening performance is at least equal to similar non-hub airports with TSA screening. We completed the first year of our contract considerably below our contract cost ceiling. In short, the pilot program has provided a positive outcome for our contract model. There are those who would suggest that airport authorities should not be allowed to act as private screening companies. We hope that the PP5 initiative has provided proof that airports

Larson Testimony

have distinct advantages in providing quality security screening at competitive prices, and should be allowed to compete for private screening opportunities under the opt-out program. There is no conflict of interest when airports conduct security screening under TSA rules, procedures and oversight. In fact there is a synergistic benefit derived from airport authority provided screening due to lower management overhead and streamlined management action.

As the pieces of the Airport Security Opt-Out program fall into place, the TSA and private contractor screener workforce need to know that everything possible, including cross-hiring between qualified federal and private screeners is done to assure their job security.

I appreciate the opportunity to testify before the Subcommittee today. I would be pleased to answer your questions at the appropriate time.

Testimony of

**John L. Martin
Airport Director
San Francisco International Airport**

Before the

**House Transportation & Infrastructure Committee
Aviation Subcommittee**

**On the
Privatization Pilot Program (PP5)**

April 22, 2004

Airport Screener Privatization Program (PP5)

Chairman Mica and Ranking Member DeFazio, and members of the Aviation subcommittee of the Transportation and Infrastructure Committee, thank you for inviting me to participate in today's hearing on the results of the Airport Screener Privatization Pilot Program (PPS). I am John L. Martin, the Director of the San Francisco International Airport, which is the category X airport in the pilot program.

I would like to begin by thanking the Members of this Committee for its leadership in passing last year's historic aviation legislation, Vision 100—Century of Aviation Reauthorization Act. Congress is to be commended for authorizing record levels of funding for the Airport Improvement Program (AIP) and for creating more flexibility within the program for airports that address the many problems we face in the post 9/11 environment.

Most of all, I wish to commend this Committee, the staff and others in the Congress for the attention you are giving to the security problems facing our aviation system. We would particularly like to thank those committee members and staff who have visited San Francisco and viewed our systems

first hand and welcome any other members and staff to do the same. Your support has allowed us to deploy one of the most comprehensive and robust screening programs of any airport in the world.

I would like to preface my comments concerning the Airport Screener Privatization Program (PP5) by expressing my belief that the security of our nation's airports is critical to the commercial well being of the United States. Our mission as a major airport is to ensure that we have enhanced the capabilities of our organization by working in partnership with all relevant agencies including the Transportation Security Administration (TSA) to make travel safe and secure.

San Francisco International Airport has a long history of initiating state of the art security systems such as biometric access control; professional standards for airport screening personnel beyond those required by the FAA and automated inline baggage screening before it was it was a congressionally mandated requirement.

Our present relationship with the TSA and, in particular, the local Federal Security Director's (FSD) staff has resulted in operations that have not only

provided state of the art security, but has also delivered excellent customer service while substantially reducing the number of screeners.

Prior to the federalization of the nation's airport screeners under the TSA, San Francisco asked to be a participant in PP5. This request was made because we had serious concerns about a new federal agency's ability to support the difficult and challenging process of recruiting, hiring and managing virtually the largest and most important workforce at our airport. Significant staff shortfalls over a long period of time with other federal agencies at SFO have been commonplace in the past. Because screening activities impact both passenger service and airline flight operations, we concluded that it was essential to have a screening organization capable of managing in our complex airport environment.

SFO is the largest airport participating in the PP5 program with slightly over 1200 screeners. Screening today is clearly more effective, professional and comprehensive than it was with the previously airline managed system. The quality of screeners and screener management is superior resulting in professional, effective and consistent operational performance. We have

experienced only minor disruptions since the program began and these were primarily due to facility constraints beyond the operator's control.

The Collaboration together (Team SFO), between Airport management, the Federal Security Director (FSD) management staff and the contractor has been able to coordinate and deploy state of the art screening systems, which combined with a well trained workforce, provide an extremely high level of security and customer service. This combination of collaborative effort, best practices and the application of technology has resulted in a net reduction of more than 400 screeners since the TSA took over in 2002. Additional staff reduction will be possible at the end of the year when SFO's in-line baggage system is completed. We also estimate that the cost of effective baggage screening has been reduced from over \$2.00 per bag to less than \$0.35.

Some examples of "Team SFO" initiatives that have resulted in higher efficiency include:

1. The development of a "Screener Control Center" (SCC) that, in conjunction with the comprehensive deployment of closed circuit television (CCTV) is able to simultaneously monitor the operation of SFO's 39 checkpoint lanes and the queuing of passengers at

checkpoints from a central location. The SCC has substantially increased the screening contractor's ability to adjust staff levels to support passenger volume changes at the checkpoints. The SCC has also reduced the potential for a passenger breaching the checkpoint. This system was installed by the Airport and paid for by the contractor.

2. The FSD's management staff has very effectively coordinated with the contractor to ensure the lowest level of staff attrition and the highest level of security and customer service performance by instituting a weekly detailed performance review with the contractor. This review consists of a comprehensive review of critical performance metrics including; passenger wait times per checkpoint; screener test results; training conducted; customer complaints; screener attrition; screening absenteeism and overtime vs. overtime goal review to name a few. The performance review has resulted in extremely effective operations. I believe this type of review illustrates one of the primary benefits of the PP5 process. Overall, the PP5 process has allowed SFO's FSD to spend his time on security issues, not managing the human resources function of over 1200 screeners.

3. The Airport management has enhanced the screening system by adding sufficient checkpoint capacity to ensure adequate passenger processing capability. We have also aggressively and proactively deployed an automated baggage inspection system capable of screening over 70,000 bags per day using 46 CTX 9000s. These devices are multiplexed to a remote screening facility that allows for better oversight and supervision of “on screen resolution” (OSR) functions while significantly reducing the number of screeners needed to operate the system. SFO, could in fact, provide OSR for other cities using its existing facilities further reducing TSA costs.

All that being said, SFO supports Airport Screener Privatization only under the following circumstances:

1. The TSA retains control, responsibility and liability for the conduct and operation of the private screening contract operations. We believe airport screening operations nationwide require the continuity of robust federal management and oversight.
2. Privatization is not for everyone. The program works very well in San Francisco because the Airport and the TSA’s FSD organization

work well together. Close cooperation between cultures is extremely important. SFO's airport staff is involved at all levels of the operation. None of the participants can afford to stand back and take the attitude that "This is not my problem."

3. The full potential of privatization can only be realized if the certain constraints presently placed on the contractor are removed. National assessment, recruiting and training programs must be more flexible. As far as I can determine there is nothing inherent in these functions that would necessitate TSA headquarters day-to-day involvement once standards and evaluation practices were put in place. Presently, in my opinion, there are staffing shortfalls nationwide because TSA Human Resource processes are cumbersome, expensive and fail to respond to the dynamics of Airport operations.

In conclusion, given the funding constraints on aviation security, TSA needs to rapidly develop more cost-effective practices to get the job done.

- Arbitrary mandated staffing ceilings must be replaced with comprehensive staffing analysis and allocation based upon specific operational requirements at individual airports.

- Automation of baggage screening can significantly reduce the recurring labor cost of manual operations. A coordinated and comprehensive plan for EDS deployment that recognizes best practices and rewards those airports with cost effective and timely solutions.

Airports, despite being public agencies have by necessity had to operate as businesses. Security is too large a part of the operational base of our nation's aviation system to ignore best business practices. Flexibility and creative decision-making makes it possible to have an efficient, cost effective and robust layer of security systems and should be encouraged regardless of whether the screeners are federal or contract employees. This does not mean that corners should be cut but simply that airport's and FSD's can be great sources for research and innovation. This is why we believe SFO's "opt-out" program has been a success.

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MR. PATRICK PACIOUS

EVALUATION DIRECTOR



TESTIMONY BEFORE THE UNITED STATES HOUSE COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON AVIATION

APRIL 22, 2004

PRIVATE PILOT AIRPORT EVALUATION STUDY

BACKGROUND

Chairman Mica, Ranking Member DeFazio, and other distinguished members of the Subcommittee, thank you for the opportunity to discuss BearingPoint's evaluation of the Transportation Security Administration (TSA) private screening pilot program¹. I led the evaluation team on this effort. Today, I would like to present the key observations and findings from this report.

By way of background, BearingPoint, Inc., is one of the world's leading management consulting and system integration firms. We employ over 16,000 people worldwide and fulfill the needs of over 2,100 clients. Over three years ago we separated completely from KPMG LLP, the tax and audit firm, and in February of 2001, we became a publicly held corporation.

As you are aware, the Aviation and Transportation Security Act (ATSA) charged TSA with responsibility for evaluating federal and private security screening operations performance, without specifying metrics or methods to be used in a performance evaluation. TSA selected BearingPoint, Inc., in October 2003 as an independent evaluator to determine the comparison metrics and conduct a scientifically sound assessment of federal and private contractor screening operation performance.

BearingPoint, working with Abt Associates, Inc., developed an impartial process for analyzing current private contractor and federal screening operations performance. Beginning in October 2003, we reviewed over 90 data sources, informational documents and metrics to determine the evaluation criteria, appropriate measures and study methodology.

The evaluation team developed three criteria to compare the performance of private screening operations to federal screening operations. Those criteria are: security effectiveness, cost, and customer and stakeholder impact. For each of the criteria, we identified quantitative measures to compare performance. The criteria, measures and study methodology were reviewed and approved by TSA in November of 2003.

We conducted the evaluation from December 1, 2003 through March 19, 2004. During the planning and evaluation period, our team made 29 airport visits, conducted over 240 interviews with federal and private sector personnel involved in screening operations, held forums with external stakeholders, collected data related to screening operations, conducted statistical analysis, and developed the findings.

On March 23, 2004 we presented our preliminary findings to TSA. The agency had a two-week period to review the report findings. During those two weeks, BearingPoint reviewed and responded to over 170 comments from TSA officials concerning the content of the report. As a result of those comments, the evaluation team made minor clarifications and added more explanatory text and analysis regarding the assumptions underlying our cost model. However, none of the comments resulted in a change to the findings. BearingPoint documented each of TSA's comments and our responses, and submitted that as part of our final deliverable.

¹ The five airports in the pilot program are: San Francisco International, CA (SFO), a Category X airport; Kansas City International, MO (MCI), a Category I airport; Greater Rochester International, NY (ROC), a Category II airport; Jackson Hole, WY (JAC), a Category III airport; and Tupelo Regional, MS (TUP), a Category IV airport.

CONTEXT

The findings of this study must be viewed in light of five key factors.

- First, the study is best understood as a comparison of government delivery of screening services to delivery by a public/private hybrid. The private screening environment is not a pure privatization model. The contractors follow TSA's screening operating procedures and not their own approaches. Moreover, in the private screening operations, each of the three evaluation criteria above is influenced by decisions made by federal oversight and management. Therefore, the team was not able to discern in many cases whether the performance level is due to the private contractor or federal oversight staff at the privately screened airport.
- Second, the design of the private screening program severely limits the opportunity for differences in the two models. The program was designed to ensure that factors driving security effectiveness and cost were similar in the two models. However, the private screening operations were granted some latitude in the execution of their responsibility to provide screening services, and the exercise of that latitude does reveal itself in the comparison.
- Third, the period in which the study was conducted provided several challenges. The program's 15-month existence, from November 19, 2002 to February 28, 2003, was not a steady state environment in which to conduct the study. This period involved a start-up phase for both TSA and the private contractors and a significant workforce adjustment at the midpoint.
- Fourth, the airports selected for the program are small in number (5) and were chosen to provide variation in size, passenger type, and other characteristics. The TSA had little discretion in this area as the number of airports in the pilot program was limited by statute. The fact that these airports were not chosen at random and the small number of pilot airports seriously limits the program's usefulness as a true scientific "pilot." While the team had sufficient data to measure and compare performance, the program design limits the ability of the findings to be generalized and extrapolated. Therefore, the program design limits the ability of the findings to be generalized to apply to future privately screened airports.
- Finally, the data available for review and analysis is limited. No historical baseline exists for the comparison. Because screening procedures, equipment, and screener compensation and training are vastly different today than they were in the pre-TSA environment, a useful baseline is not available for the five privately screened airports. In addition, TSA's financial management, human resources, and performance management systems were still evolving during the period studied.

The ability to generalize conclusions from our study and apply them to any future expansion of privately screened airports is limited by the factors cited above.

QUANTITATIVE FINDINGS

In the areas of security effectiveness and customer and stakeholder impact, the study compared the performance of each privately screened airport to a set of comparable federally screened airports. A determination was made as to whether the airport outperformed, under-performed, or performed at the same level as its federal counterparts. In the area of cost, the study compared the actual cost of screening at a privately screened airport to an estimate of what it would have cost the government if TSA had provided screening personnel at the same airport.

In general, our team found that privately screened airports have met the ATSA standard to perform at the same level or better than federally screened airports. The statistical analysis provided no evidence that they are not meeting the ATSA standard.

Findings in each of the three criteria areas are as follows:

- In the area of security effectiveness, there is no evidence that any of the five privately screened airports performed below the average level of the federal airports. However, there is credible evidence that Kansas City is outperforming the average level of its federal counterparts.
- In the area of cost to the government, costs for the five privately screened airports were not significantly different from the estimated cost of a federal screening operation at that same airport.
- In the area of customer satisfaction, performance of the privately screened airports compared to the federally screened airports was mixed in Categories X and I, and inconclusive in Categories II, III, and IV.² A qualitative survey of stakeholders revealed no difference between privately and federally screened airports.

Findings for each of the five privately screened airports are as follows:

- At San Francisco, a Category X airport, there is no evidence that it is different than federally screened airports within its category in security effectiveness. In the area of cost, the estimated cost of screening conducted by a federal workforce was not materially different than the cost of private screening at that airport. There were mixed results on customer satisfaction when compared to its federal counterparts. Passengers had less confidence in the security process but experienced shorter wait times.
- There is evidence that Kansas City, a Category I airport, is outperforming federally screened airports within its category in security effectiveness. In the area of cost, estimated costs of screening conducted by a federal workforce were higher than the costs experienced with contractors. However, these differences are within the range of prediction error and the team is unable to conclude with certainty that the cost of federal screening would have been higher at this airport. There were mixed results on customer satisfaction when compared to its federal counterparts. Passengers experienced more thorough screening and shorter wait times, but less overall customer satisfaction.
- At Rochester International (ROC), a Category II airport, Jackson Hole (JAC), a Category III airport, and Tupelo Regional (TUP), a Category IV airport, the limited evidence available does not show differences in the area of security effectiveness. In the area of cost, the estimated cost of screening conducted by a federal workforce was not materially different than the cost of private screening at these airports. In the area of customer satisfaction, there was not enough data available to support any conclusion.

QUALITATIVE FINDINGS

BearingPoint developed a number of qualitative observations regarding the strengths of both the federal and private contractor screening operations. The observations are a result of the field interviews conducted at the privately screened and federally screened airports visited.

² Sufficient customer satisfaction data was unavailable for Categories II, III, and IV.

TSA allowed the private contractor screening companies some latitude in their implementation of security screening operations. TSA termed this latitude the “degrees of freedom.” As a result of variations in the contractors’ implementation of these degrees of freedom, strengths in the federal and private contractor screening models were observed.

The private screening company’s contract vehicle also contributes to differences in the two models. The private contractors have contractual obligations such as performance award fees, which the federally screened airports do not. The contract vehicle requires the private screening companies to uphold the same standard of security effectiveness as their federal counterparts, yet at the same time, it provides contractors a financial incentive to do so. TSA used cost plus contracting structures to allow for flexibility in an uncertain operating environment.

In addition, the hybrid management structure, where the Federal Security Directors (FSDs), their staff, and the contractors play a role in the screening operations, distinguishes the private screening airports from their federal counterparts. The FSD and staff at privately screened airports are required to assume additional responsibilities and perform different roles than those required at federal screening airports. This too creates strengths in the two models. Several strengths of each screening model are provided below.

FEDERAL SCREENING MODEL STRENGTHS

- **Fewer Layers of Management** – Because there is no contractor interface between the FSD staff and the screener, the federal screening model has fewer layers of management thereby supporting faster and more efficient communication between management and the screener workforce. In the federal model, the FSD does not have to work through the contractor management team to address issues with the screener personnel. These issues include scheduling, staffing, employee behavior and attendance. In the federal model, the FSD has direct control of the screener workforce.
- **Roles and Responsibilities are Clearly Defined** – The federal model provides a clear chain of command with little overlap of managerial responsibilities. However, under the private contractor model, certain roles and responsibilities are replicated within the FSD staff and the contract screening company. For example, both TSA and the contractor are providing supervision of screening personnel at the privately screened airports.
- **Ability to Shift Resources within the Hub/Spoke System** – Certified federal screeners are authorized to perform screening duties at any federal airport regardless of location. Conversely, private contractor screeners, under the current policy, may not perform screening duties at federal airports. The ability to deploy screener resources to different airports allows the FSD to address staffing shortages and unanticipated circumstances that affect security-screening operations.

PRIVATE SCREENING MODEL STRENGTHS

- **More Flexibility in Scheduling Screeners** – Private screening companies have the ability to schedule screening resources in a manner that best supports the screening operation. For example, the private contractors can split shifts as many times as is necessary to meet the peak passenger volume flow experienced at a particular airport. Conversely, the schedule for a federal screener can be split no more than once during the course a workday.
- **More Efficient Use of Personnel to Perform Non-Screening Functions** – Private contractor screening companies have the latitude to use less expensive resources to fulfill certain non-security related tasks. Due to a lack of TSA-authorized administrative support personnel at the federal airports, many FSDs have had to use screener personnel to perform administrative tasks such as HR and payroll support. In some cases, FSDs have used screeners that were placed on light duty to perform these tasks, while in other cases certified screeners are removed from the operational job they have been trained to perform. Private contractors use less expensive administrative staff to perform these functions. In addition to administrative tasks, contractors are using less expensive

resources to perform other non-security related functions. For example, one private contractor has made use of non-screening personnel for baggage handling to save costs. This reduces the need to have trained screeners perform non-screening tasks.

- **More Visibility of Operational Performance** – Due to the award fee criteria stipulated in private contractor security screening contracts, TSA headquarters and field staff monitor the contractors' screening performance closely. As a result of this increased visibility, operational issues at the private pilot airports draw attention more easily.

CONCLUSIONS

This study concluded that the privately screened airports appear to have met the ATSA standard that they must perform at the same level or better than federally screened airports. There is no evidence that these airports are not meeting the ATSA requirement.

However, the ability to generalize these conclusions to any future expansion of privately screened airports is limited by the non-random selection of the participant airports, the small sample size, the lack of a steady state environment, and the limited data available. The five-airport, non-random sample limits the precision of the study's findings. The data collection systems available are in many cases still evolving and were not designed to capture federal/private differences. Additionally, the number of observations for each measure was limited.

The study does not conclude that opening the degrees of freedom will lead to greater observed differences between privately screened and federally screened airports. However, allowing private contractors greater latitude in these areas *may* lead to differing levels of performance in each of the three criteria tested.

TSA may want to address several issues in any future decisions regarding private screening operations. If TSA desires a more robust comparison of private screening operations to federal screening, it should consider three steps: allow more flexibility at the private screening operations in a controlled manner; provide a larger, well-designed sample of airports; and improve its data collection systems.

Mr. Chairman, again, thank you for holding this important hearing today. I look forward to answering any questions you may have regarding this evaluation.

United States General Accounting Office

GAO

Testimony
Before the Subcommittee on Aviation,
Committee on Transportation and
Infrastructure, House of Representatives

For Release on Delivery
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AVIATION SECURITY

Private Screening Contractors Have Little Flexibility to Implement Innovative Approaches

Statement of Norman J. Rabkin, Managing Director,
Homeland Security and Justice



GAO-04-505T



Highlights of GAO-04-505T, a testimony before the Subcommittee on Aviation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The terrorist attacks of September 11, 2001, resulted in fundamental changes in the way the United States screens airport passengers and their property. One of the most significant changes was the shift from using private screeners to using federal screeners at all but five commercial airports in the United States. These five airports are part of a pilot program, where private screeners perform screening functions. The mission of the Private Screening Pilot Program, as defined by the Transportation Security Administration (TSA), is to test the effectiveness of increased operational flexibility at the airport level that contractors may provide. GAO was asked to describe (1) the challenges and limitations of the private screening pilot program, (2) the operational flexibilities TSA has provided to the private screening companies, and (3) the performance of private and federal screeners in detecting threat objects. This testimony is based on our prior and ongoing work on TSA airport passenger and baggage screeners.

What GAO Recommends

In prior reports, GAO has made recommendations designed to strengthen airport passenger and baggage screening. GAO also has several ongoing reviews related to the issues addressed in this testimony, and will issue separate reports related to these areas at later dates, with additional recommendations as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-04-505T

To view the full product, including the scope and methodology, click on the link above. For more information, contact Norman J. Rabkin at (202) 512-8777 or rabkin@gao.gov.

April 2004

AVIATION SECURITY

Private Screening Contractors Have Little Flexibility to Implement Innovative Approaches

What GAO Found

A key limitation of the private screening pilot program is that it was not established in a way to enable an effective evaluation of the differences in the performance of federal and private screening and the reasons for those differences. TSA provided the screening contractors with little opportunity to demonstrate innovations, achieve efficiencies, and implement initiatives that go beyond the minimum requirements of the Aviation and Transportation Security Act. TSA officials said they had not granted contract officials more flexibility because they wanted to ensure that procedures were standardized, well coordinated, and consistently implemented throughout all airports to achieve consistent security. However, TSA recently requested input from the private screening contractors about the additional flexibilities they would like to implement.

Although TSA has provided private screening contractors with only limited operational flexibility, it has allowed them to implement some airport-specific practices. These practices include screening candidates before they are hired through the assessment centers, hiring baggage handlers in order to utilize baggage screeners more efficiently, and, during the initial hiring, selecting screener supervisors from within their screener workforce rather than relying on the decisions of TSA's hiring contractors. These practices have enabled the private screening contractors to achieve efficiencies that are not currently available at airports with federal screeners.

Little performance data are currently available to compare the performance of private screeners and federal screeners in detecting threat objects. The primary source of available performance data is the results of the covert tests performed by TSA's Office of Internal Affairs and Program Review, in which TSA undercover agents attempt to pass threat objects through screening checkpoints. Although the test results cannot be generalized either to the airports where the tests have been conducted or to airports nationwide, they provide an indicator of screener performance in detecting threat objects and indicate that, in general, private and federal screeners performed similarly. Specifically, the testing identified weaknesses in the ability of both private and federal screeners to detect threat objects. TSA recognized the need to improve screener performance and has taken steps in this direction, including enhancing its training programs.

Airports Participating in the Pilot Program and Contractors Responsible for Conducting Screening Operations	
Airport	Contract screening company
San Francisco International	Covenant Aviation Security
Kansas City International	First Line Transportation Security
Greater Rochester International	McNeil Security
Jackson Hole	Jackson Hole Airport Board
Tupelo	Covenant Aviation Security

Source: TSA.

United States General Accounting Office

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to participate in today's hearing to discuss the Transportation Security Administration's (TSA) private screening program. The terrorist attacks of September 11, 2001, resulted in fundamental changes in the way the United States screens airport passengers and their property. One of the most significant changes was the shift from the use of private screeners to perform screening functions to the use of federal screeners at all but five commercial airports in the United States. The Aviation and Transportation Security Act (ATSA), enacted on November 19, 2001, mandated the federalization of airport security screening and required that five airports be part of a pilot program where screening functions are performed by private screeners. The mission of the Private Screening Pilot Program, as defined by TSA, is to test the effectiveness of increased operational flexibility at the airport level that contractors may provide. ATSA also includes a provision that allows an airport to apply to opt out of using federal screeners beginning on November 19, 2004.

My testimony today addresses TSA's implementation and evaluation of the contract screening pilot program. In particular, I will address (1) the challenges and limitations of the private screening pilot program, (2) the operational flexibilities TSA has provided to the private screening contractors, and (3) the performance of private and federal screeners in detecting threat objects. My testimony is based on our prior work and preliminary observations from our ongoing reviews of TSA's passenger screening program, all of which have been done in accordance with generally accepted government auditing standards.

In summary:

- A key limitation of the private screening pilot program is that it was not established in a way to enable an effective evaluation of the differences in the performance of federal and private screening and the reasons for those differences. TSA has provided the private screening contractors with little opportunity to demonstrate innovations, achieve efficiencies, and implement initiatives that go beyond the minimum requirements of ATSA. Because TSA requires the pilot screening contractors and Federal Security Directors (FSD) at airports with federal screeners to operate under the

same procedures, they faced many of the same challenges.¹ For example, the private screening contractors, like FSDs at airports with federal screeners, must rely on TSA to authorize the hiring of screeners and establish assessment centers, where screener applicants are assessed.² The inability to conduct hiring on an as needed basis has limited their ability to respond quickly to staffing shortages. TSA officials stated that they had not granted contract officials more flexibility because they wanted to ensure that procedures were standardized, well coordinated, and consistently implemented throughout all airports to achieve consistent security. However, TSA recently requested input from the private screening contractors about the additional flexibilities they would like to implement.

- Although TSA has provided private screening contractors with only limited operational flexibility, it has allowed them to implement some airport-specific practices. Flexible practices implemented by private screening contractors include screening candidates before they are hired through the assessment centers, hiring baggage handlers in order to utilize baggage screeners more efficiently,³ and, during the initial hiring, selecting screener supervisors from within rather than relying on the decisions of TSA's hiring contractors. These practices have enabled the private screening contractors to achieve efficiencies that are not currently available to FSDs at airports with federal screeners.
- Little performance data are currently available to compare the performance of private screeners and federal screeners in detecting threat objects. The primary source of available performance data is the results of covert tests performed by TSA's Office of Internal Affairs and Program Review (OIAPR), in which TSA undercover agents attempt to pass threat objects through screening checkpoints and in checked baggage.⁴ Although

¹FSDs are responsible for providing day-to-day operational direction for federal security at airports. Additionally, the FSD is the ranking TSA authority responsible for the leadership and coordination of TSA security activities at the airports.

²An assessment center is a temporary testing site that TSA's hiring contractor assembles to conduct assessments of screener applicants. The centers are generally constructed at locations such as hotels and TSA training facilities that are in close proximity to the airport(s) where the FSDs have requested additional staff.

³Baggage handlers move baggage from carts to belts and back. They do not perform any screening functions, nor are they hired through TSA's assessment centers.

⁴OIAPR conducts covert tests designed to (1) assess screeners' ability to detect threat objects and adherence to TSA-approved procedures and (2) identify systemic problems in the areas of training, policy, and technology.

the test results cannot be generalized either to the airports in which the tests have been conducted or to airports nationwide,⁵ they provide an indicator of screener performance in detecting threat objects and indicate that, in general, private and federal screeners performed similarly. Specifically, the testing identified weaknesses in the ability of both private and federal screeners to detect threat objects.⁶ TSA recognized the need to improve the performance of both private and federal screeners and has taken steps in this direction, including enhancing its training programs.

Background

ATSA created TSA to ensure security for all modes of transportation, including aviation. ATSA set forth specific enhancements to aviation security for TSA to implement and established deadlines for completing many of them. These enhancements included federalizing passenger screeners at more than 440 commercial airports in the United States by November 19, 2002; enhancing screener hiring and training standards; and establishing and managing a 2-year pilot program at 5 airports—one in each airport security category⁷—where screening of passengers and property would be conducted by a private screening company and overseen by TSA. Additionally, ATSA included a provision that allows airport operators to apply to TSA to use private rather than federal screeners beginning in November 2004. TSA has acknowledged that one of its key challenges in 2004 will be designing appropriate criteria for the potential expansion of contract screening.

As required by ATSA, TSA implemented a pilot program using contract screeners in lieu of federal screeners at 5 commercial airports—one in each airport security category. ATSA sets forth numerous requirements regarding the pilot program. Specifically, it requires that

- the private screening company be owned and controlled by a citizen of the United States;

⁵The results of the tests cannot be generalized either to the airports in which the tests have been conducted or to airports nationwide because the sample tests were not identified using the principles of probability sampling. For cost and operational reasons, however, using probability sampling techniques to identify sample tests may not be feasible.

⁶We cannot disclose the actual results of the covert tests because they are classified.

⁷There are five categories of airports—X, I, II, III, and IV. Category X airports have the largest number of enplanements and category IV airports have the smallest number.

- the private screening company, at a minimum, meet employment standards, compensation and benefits rates, and performance requirements that apply to federal screeners;
- all private screener candidates meet the same minimum qualifications as federal screeners, including U.S. citizenship,⁸ high school diploma or equivalent, English proficiency, and pass a criminal background check; and
- all private screener candidates undergo the same battery of employment screening tests that federal screener candidates undergo.

In June 2002, TSA selected the 5 airports that would comprise the contract screening pilot program. In October 2002, TSA awarded contracts to four private screening contractors to provide passenger and baggage screening services. TSA's role at the airports with private screeners is to provide on-site federal supervision of all passenger and property screening.⁹ Table 1 provides a list of the airports participating in the pilot program and the private contractors responsible for conducting screening operations.

Table 1: Airports Participating in the Pilot Program and Contractors Responsible for Conducting Screening Operations

Airport security category	Airport	Contract screening company
X	San Francisco International	Covenant Aviation Security
I	Kansas City International	First Line Transportation Security
II	Greater Rochester International	McNeil Security
III	Jackson Hole Airport	Jackson Hole Airport Board
IV	Tupelo Airport	Covenant Aviation Security

Source: TSA.

Prior to the passage of ATSA, air carriers were responsible for screening passengers and most used private security firms to perform this function. Long-standing concerns existed regarding screener performance in detecting threat objects during covert tests at passenger screening

⁸Federal screeners must be either United States citizens or nationals of the United States (persons who, though not citizens of the United States, owe permanent allegiance to the United States).

⁹A federal security director and his or her management team, including screening managers, oversee screening operations at each of the airports with private screening contractors.

checkpoints. In 1978, screeners failed to detect 13 percent of the potentially dangerous objects Federal Aviation Administration (FAA) undercover agents carried through checkpoints during tests—a level that was considered “significant and alarming.” In 1987, screeners did not detect 20 percent of the objects during the same types of tests. In addition, we reported that FAA tests conducted between 1991 and 1999 showed that screeners’ ability to detect objects was not improving, and in some cases, was worsening. In tests conducted in the late 1990s, as the testing objects became more realistic and the tests more closely approximated how a terrorist might attempt to penetrate a checkpoint, screeners’ ability to detect dangerous objects declined even further. Inadequate training and poor supervision, along with low wages, rapid turnover, and inadequate attention to human factors,¹⁰ were historically identified as key contributors to poor screener performance.

The results I am presenting today are based on preliminary observations of our ongoing review of TSA’s passenger screening program, which includes a review of TSA’s efforts to implement and evaluate the contract screening pilot program. As part of our ongoing review, which we are conducting for this subcommittee, we interviewed TSA officials and visited all 5 pilot program airports and 23 airports with federal screeners. During these visits, we observed screening operations and interviewed FSDs, their staffs, and, at some airports, airport authority and airline officials. At the 5 pilot program airports, we also interviewed representatives of the private screening contractors. Additionally, we interviewed representatives of several aviation associations. We plan to conduct additional analysis during the remainder of our review, including assessing the results of our recent survey of all 155 FSDs regarding their screening operations. We will also review the results of the final report submitted to TSA by BearingPoint, Inc., which compared the performance of private screeners to federal screeners.¹¹

¹⁰Human factors refers to the demands a job places on the capabilities of, and the constraints it imposes on the individuals performing the function. Some of these factors include repetitive tasks screeners perform, the close and constant monitoring required to detect threat objects, and the stress involved in dealing with the public who may dislike being screened or demand faster action to avoid missing their flights.

¹¹ATSA gave TSA the responsibility to review the requests for those airports wishing to opt out of using TSA screeners in November 2004. TSA contracted with BearingPoint Inc., to develop an evaluation plan for assessing screening at the pilot program airports, and conduct an evaluation of the performance of private screening contractors, as well as compare screener performance at airports with TSA screeners.

**Private Screening
Contractors Have Had
Little Opportunity to
Demonstrate
Innovations and
Achieve Efficiencies**

A key limitation of the private screening pilot program is that it was not established in a way to enable an effective evaluation of the differences in the performance of federal and private screening and the reasons for those differences. TSA has provided the private screening contractors with little opportunity to demonstrate innovations and achieve efficiencies. Because TSA requires the pilot screening contractors and FSDs at airports with federal screeners to operate under the same procedures, they faced many of the same challenges. For example, the private screening contractors, like FSDs at airports with federal screeners, must rely on TSA to authorize the hiring of screeners and establish assessment centers, where screener applicants are assessed. The inability to conduct hiring on an as needed basis has limited their ability to respond quickly to staffing shortages. TSA officials stated that they had not granted contract officials more flexibility because they wanted to ensure that procedures were standardized, well coordinated, and consistently implemented throughout all airports to achieve consistent security. However, TSA recently requested input from the private screening contractors about the additional flexibilities they would like to implement.

**Private Screening
Contractors Lack
Authority to Determine
Staffing Levels and
Conduct Hiring**

TSA determined the screener staffing needs of the private screening contractors using the same computer-based staffing model that was used for airports with federal screeners.¹² This staffing model was based on the congressionally mandated nationwide ceiling of 45,000 full-time equivalent¹³ federal screeners. Both the contractors and FSDs at airports with federal screeners have raised concerns about the adequacy of the staffing model in accounting for the unique needs of each airport, particularly given that the model is based on a full-time equivalent ceiling. Two representatives of the private screening contractors that were at or near their TSA authorized staffing levels told us in February 2004 that they were concerned about having adequate staffing levels to meet demand during the peak 2004 travel season. TSA had required one of these contractors to lay off screeners in 2003 as part of its nationwide screener downsizing effort, even though, according to TSA, private screeners do not count toward TSA's ceiling of 45,000 full-time equivalent screeners. TSA

¹²The staffing model took into account factors such as the number of screening checkpoints and lanes at an airport; originating passengers; projected air carrier service increases and decreases during calendar year 2003; and hours needed to accommodate screener training, leave, and breaks.

¹³One full-time equivalent is equal to 1 work year or 2,080 non overtime hours.

acknowledged that its initial staffing efforts created imbalances in the screener workforce and hired a consultant in September 2003 to conduct a study of screener staffing levels, including levels for the 5 pilot program airports.¹⁴ The study, which TSA initially expected to be completed in April 2004, is now scheduled for completion in May 2004. We will continue to review TSA's efforts to determine appropriate staffing levels during the remainder of our review.

The private screening contractors' concerns regarding their staffing levels are compounded by TSA's requirement that the contractors coordinate their hiring through TSA headquarters. These contractors, like FSDs at airports with federal screeners, must rely on TSA to authorize the hiring of screeners and establish assessment centers—a process that can take several months. The inability to conduct hiring on an as needed basis has limited their ability to respond quickly to staffing shortages. In one instance, an FSD for an airport with private screeners stated that in response to continued attrition at his airport, he notified TSA in advance that additional screeners would be needed before the peak summer travel season. However, an assessment center was not opened until mid-June 2003, and the FSD had to request assistance from TSA's Mobile Screening Force,¹⁵ a team of TSA screeners deployed around the country where additional screening staff are needed. These screeners were in place for 2 months while TSA scheduled and conducted screener applicant assessments and trained candidates who were selected for employment by the private screening company. The private screening contractor and the FSD at this airport told us that the inability to hire screeners during the first several months of the attrition problem contributed to screener performance issues, such as absenteeism or tardiness, and screener complacency because screeners were aware that they were unlikely to be terminated due to staffing shortages.

¹⁴Specifically, the consultant is to, among other tasks, develop a model for collecting and analyzing data to realistically portray specific airport conditions rather than using a generalized large/small airport protocol; develop a comprehensive modeling approach with appropriate details to account for the considerable variability that occurs among airports; and implement a staffing analysis model to be used as a management tool to determine daily and weekly staffing levels and deploy the model to commercial airports nationwide.

¹⁵TSA's Mobile Screening Force—replaced by the National Screening Force—was created in early 2002 primarily to support the initial deployment of federal screeners to commercial airports. The National Screening Force provides screening support to all commercial airports in times of emergency, seasonal demands, or under other special circumstances that require a greater number of screeners than currently available to FSDs.

Pilot program contractors have requested the opportunity to independently establish and operate assessment centers on an as needed basis. Accordingly, in December 2003 and February 2004, TSA submitted to the screening contractors requests for proposals for additional flexibilities. TSA's December 12, 2003, request for proposal, which solicited input from the private screening contractors on potential program innovations regarding day-to-day operations, was followed by a more specific request for proposals, dated February 24, 2004, to provide human resource services, such as screener assessments, qualification, examination, and selection of security screener candidates.¹⁶ TSA received proposals from 3 of the private screening contractors, and found that they were insufficient in meeting the requirements set forth in the request for proposal.¹⁷ However, TSA officials said they are providing the contractors a second chance to clarify their proposals.

**Private Screening
Contractors Have Limited
Authority to Implement
Training**

According to TSA, there are three key elements of passenger screening training: (1) basic training, (2) recurrent (refresher) training, and (3) remedial training. As required by ATSA, TSA established a basic screener training program comprised of a minimum of 40 hours of classroom instruction and 60 hours of on-the-job training for all passenger and baggage screeners. TSA also requires private and federal screeners to participate in 3 hours of recurrent training per week, averaged over a quarter. Consistent with ATSA, TSA further requires remedial training for any private or federal screener who fails an operational test.¹⁸

Representatives of the private screening contractors stated that a challenge they face in implementing their screening functions is the limitations TSA places on them in developing and implementing locally based training programs. Private screening contractors at the pilot program airports are required to participate in the basic screener training

¹⁶In addition to stating the required standards that each private contractor must meet during the hiring process, the request details TSA's expectations for the proposals. For example, the request requires the contractor to propose the manner in which administration of the assessments will be accomplished, including the most effective and efficient way to deliver the assessments.

¹⁷TSA officials said they had not received any proposals in response to the December 2003 request for proposal.

¹⁸ATSA requires that screeners who fail an operational test be prohibited from performing the screening function related to the test they failed until they successfully complete remedial training on that screening function.

provided by TSA's training contractor and to maintain the same recurrent and remedial training curriculums used by TSA. To provide training beyond TSA's curriculums, the private screening contractors must have their training reviewed and approved by TSA. Contractors expressed concern that TSA had either rejected or was slow to approve their requests to provide additional training outside of TSA's approved curriculum. This was of particular concern during the first year of the pilot program when TSA had not yet deployed a recurrent or supervisory training program to airports to ensure that screeners were effectively trained and supervised. TSA officials told us, on the other hand, that the private screening contractors have yet to submit any requests for approval of locally developed recurrent training.

Private screening contractors also expressed concerns about the lack of specific feedback regarding screeners' performance on the annual recertification tests, which assess their proficiency in identifying threat objects and adhering to standard operating procedures. TSA stores the results of the recertification tests in a database that FSDs can access to determine whether screeners for their respective airports passed or failed. However, private screening contractors told us they cannot view how screeners performed on specific questions. These performance data would provide private screening contractors with information on the specific training needs of screeners, and enable them to appropriately tailor training to address screener performance deficiencies at their airports.

**FSDs at Airports with
Federal Screeners Faced
Similar Challenges as
Contractors**

FSDs at airports with federal screeners faced many of the same challenges as the private screening contractors, particularly regarding imposed staffing levels, a cumbersome hiring process, and limited flexibility in implementing local training programs. In September 2003, we reported that FSDs had little input in determining their screener staffing levels.¹⁹ Since then, FSDs have continued to express concerns about their limited role in establishing airport-specific staffing levels and the need for realistic staffing levels based on the unique needs of each airport. In February 2004, we reported that many of the FSDs we interviewed expressed concern with the lack of a continuous hiring process to backfill screeners lost through attrition, and their lack of authority to conduct hiring on an as

¹⁹U.S. General Accounting Office, *Airport Passenger Screening: Preliminary Observations on Progress Made and Challenges Remaining*, GAO-03-1173 (Washington, D.C.: Sept. 24, 2003).

needed basis.²⁰ The FSDs also complained of the time lag between their requests for additional staff and having trained and certified screeners onboard. Some FSDs reported that this time lag has hindered their ability to provide sufficient resources to staff screening checkpoints and oversee screening operations at their airports. Contractors at 3 of the pilot program airports reported difficulties in getting an assessment center established for hiring at their airport, particularly after the first cadre of screeners had been hired, trained, and deployed. Likewise, an FSD at an airport with federal screeners reported that inadequate staffing is his most critical issue. He stated that to address the staffing inadequacies and maintain a reasonably acceptable passenger wait time level, FSD staff and screening management personnel have assisted in staffing of exit lanes, checking boarding passes, and transporting bags, among other tasks. However, he noted that these practices are not sustainable in the long term.

We recently surveyed all 155 FSDs regarding their screening operations. As of April 13, 2004, we had a response rate of about 90 percent for our general survey and about 85 percent for our airport-specific survey.²¹ We asked the FSDs the extent to which they needed additional authority to perform their staffing and screening operations. As shown in table 2, the overwhelming majority of the FSDs, and in two instances all five of the FSDs at the pilot program airports, reported that they needed additional authority to a great or very great extent.

²⁰U.S. General Accounting Office, *Aviation Security: Challenges Exist in Stabilizing and Enhancing Passenger and Baggage Screening Operations*, GAO-04-440T (Washington, D.C.: Feb. 12, 2004).

²¹We sent two surveys to the Federal Security Directors on March 23, 2004. In the general survey, we asked FSDs to answer security-related questions that will pertain to all of the airports for which he/she is responsible. In the airport-specific survey, we asked FSDs a number of airport-specific questions about screening and other security concerns.

Table 2: Summary of Selected FSD Survey Responses as of April 13, 2004

	Very great extent		Great extent		Moderate extent		Some or little extent		No extent	
	Federal	Pilot	Federal	Pilot	Federal	Pilot	Federal	Pilot	Federal	Pilot
Greater authority in determining the number of screeners	78%	100%	15%	0	6%	0	1%	0	0	0
Greater authority in the selection of screeners	67%	100%	19%	0	10%	0	3%	0	1%	0
More flexibility to design and conduct local training	44%	80%	24%	20%	25%	0	4%	0	1%	0

Source: GAO analysis of survey of 155 FSDs, including the five FSDs at airports with private screeners.

Note: The percentages do not total 100 because we did not include the not applicable/no opinion response.

Flexibilities Have Been Provided to Private Screeners in a Few Areas

Although, overall, TSA has not provided private screening contractors with much operational flexibility, it has allowed them to implement some airport-specific practices. Practices implemented by the private screening contractors include screening candidates before they are hired through the assessment centers, hiring baggage handlers in order to utilize baggage screeners more efficiently, and promoting screener supervisors from within rather than hiring them directly from the assessment center. These practices have enabled the private screening contractors to achieve efficiencies that are not currently available to FSDs at airports with federal screeners.

Contractors Have Greater Role than FSDs in Screener Selection Process

Although the private screening contractors can only hire applicants who have been screened through the assessment center, the contractors have greater flexibility than FSDs at airports with federal screeners in weeding out candidates they deem unsuitable. For example, at one airport, following the applicants' successful completion of the first assessment phase at the assessment center, the private screening contractor interviews the candidates to assess whether the company thinks they are a good fit for the job. Individuals whom the contractor agrees to hire are sent through the second phase at the assessment center and, upon successful completion of that assessment phase, to training. FSDs at airports with federal screeners have expressed the need for a role in the hiring process. Several FSDs told us that it is important for them or their

staff to participate in the hiring process to both build a rapport with the screeners early in the process and to determine whether the screener candidates would be a good fit for their airport, thereby possibly reducing the high levels of attrition. TSA officials told us that they are planning to redesign and streamline TSA's hiring process, particularly the assessment center process, to allow for greater involvement by FSDs and their staff. Specifically, officials reported that they are beginning to (1) ensure that the recruiting contractor includes the FSD in recruiting planning, including obtaining input regarding where and how the contractor recruits; (2) allow FSDs to participate with TSA's hiring contractor in the structured interview of the candidates; and (3) ensure that FSDs swear in the candidates and provide organizational briefings on their first day of orientation.

TSA Allowed Contractor to Hire Baggage Handlers

TSA has also allowed a private screening contractor to hire baggage handlers to enhance checked baggage screening operations. The contractor uses baggage handlers instead of trained baggage screeners to move checked baggage to and from the explosive detection system or explosive trace detection equipment and onward through the baggage system. While the baggage handlers still count toward the full-time equivalent authorized staffing level established by TSA for that individual airport, both TSA and the contractor report that this flexibility has provided a means to reduce costs without diminishing security by allowing trained baggage screeners to devote a greater proportion of time to screening bags. The contractor officials also told us that while they were operating below their authorized staffing levels, they were still able to effectively operate screening checkpoints due in part to their use of baggage handlers.²² TSA has not provided FSDs with the authority to hire baggage handlers, and thus, FSDs at airports with federal screeners where baggage handlers would be useful are more limited in their ability to efficiently maximize staffing resources.

²²The same contractor also has a system in place to continuously monitor lines at checkpoints and check-in counters in order to deploy resources where they are most needed. This system, which uses security cameras at an airport operations center that was already in place at the airport, is used to determine if and where screeners should be redeployed. The monitoring system has also contributed to the contractor's ability to effectively operate below its authorized staffing level. TSA officials told us that any FSD could work with an airport that has such an operations center in place to implement this effort.

This contractor is working with a local university to set up a program where college students working as baggage handlers would earn a regular hourly wage and tuition reimbursements in lieu of benefits. Officials at this company told us that the use of baggage handlers would provide relief to current full-time screeners by relieving them of time spent carrying bags to and from checked baggage screening systems and enable them to focus more on screening functions. While this proposal has yet to be implemented, it demonstrates how private screening contractors might use their flexibility to recruit employees. In contrast, TSA officials told us that the agency has not established a tuition reimbursement program for federal screeners.

Selecting Screener Supervisors from Within

TSA describes its screening supervisors as the key to a strong defense in detecting threat objects. During the initial hiring of screeners, TSA's hiring contractor selected screener supervisors for both the airports with federal and private screeners. However, one of the private screening contractors did not hire screener supervisors directly through TSA's assessment center process, but instead hired all applicants as screeners and, after monitoring their performance, promoted screeners to the supervisor position. Thus, rather than accepting the decisions of TSA's hiring contractor regarding applicants who would be suitable supervisors, it determined which screeners should be made supervisors based on actual screener performance. This decision to promote from within gave the private screening contractor more decision-making authority in the staffing selection process. In contrast, many of the FSDs we interviewed and numerous FSDs who have responded to our FSD survey reported that they were dissatisfied with the quality of the screening supervisors initially assigned to the airport. FSDs have attempted to address this performance gap by conducting subsequent promotions based on their observations of screeners' ability to effectively supervise staff.

Little Information Exists to Measure Differences in Performance of Private and Federal Screeners

Little performance data are currently available to compare the performance of private screeners and federal screeners in detecting threat objects. The primary source of performance data currently available is the results of the covert tests performed by TSA's OIAPR, in which TSA undercover agents attempt to pass threat objects through screening checkpoints and in checked baggage. However, relatively limited testing has been conducted to date. Although the results of the covert testing cannot be generalized either to the airports in which the tests have been conducted or to airports nationwide, they provide an indicator of screener performance in detecting threat objects. The results indicate that, in

	<p>general, private and federal screeners performed similarly. Specifically, the covert testing identified weaknesses in the ability of both private and federal screeners to detect threat objects. TSA is in the process of collecting and analyzing additional performance data on screener performance, including data from the Threat Image Projection (TIP) system, which places images of threat objects on the x-ray screen during actual operations and records whether screeners identify threat objects, and the annual screener recertification program. TSA has recognized the need to enhance screener performance and has taken steps in this direction, including enhancing its recurrent training program.</p>
TSA Has Enhanced Efforts to Measure Screener Performance	<p>TSA recognized the need to strengthen its assessment of the private and federal screener workforces and has taken action in this vein. Specifically, TSA has increased its covert testing, fully activated TIP and deployed a new library of 2,400 TIP images, and implemented the screener recertification program. However, with the exception of the covert testing and recent TIP data, data are not yet available to assess how well screeners are performing; how the performance of federal and private screeners compare; and what steps, if any, TSA needs to take to improve performance. In September 2003, TSA also hired BearingPoint, a consultant, to evaluate the performance of the contract screening program. The consultant's report was delivered to TSA on April 9, 2004, but TSA has not yet publicly released the results of the study.</p>
Covert Testing	<p>TSA's OIAPR conducts unannounced covert tests of screeners to assess their ability to detect threat objects and adherence to TSA-approved procedures. These tests, in which undercover OIAPR inspectors attempt to pass threat objects through screening checkpoints and in checked baggage, are designed to identify systematic problems affecting the performance of screeners in the areas of training, policy, and technology.²³ Currently, OIAPR's covert test results are the primary available data source on screener performance in detecting threat objects. However, relatively limited testing has been conducted to date. Between September 9, 2002, and February 1, 2004, OIAPR conducted 1,164 checkpoint tests on passenger screeners at 127 airports and 245 tests on baggage screeners at</p>

²³The descriptions of OIAPR's various covert tests are classified. OIAPR designs its covert testing methods based, in part, on intelligence regarding the most recent threats.

TIP System

119 airports.²⁴ Of the 1,164 checkpoint tests OIAPR conducted, 98 were performed at the 5 pilot program airports and 1,066 were performed at airports with federal screeners. Of the 245 checked baggage tests, 10 were performed at the 5 pilot program airports and 235 were performed at airports with federal screeners. Overall, these tests have shown weaknesses in both private and federal screeners' ability to detect threat objects. While the results of OIAPR's covert tests cannot be generalized either to the airports in which the tests have been conducted or to airports nationwide, they provide an indicator of screener performance in detecting threat objects. The results indicate that, in general, private and federal screeners performed similarly. Specifically, the testing identified weaknesses in the ability of both private and federal screeners to detect threat objects. Similar testing conducted by the Department of Homeland Security's Office of Inspector General has also identified comparable screener performance weaknesses.

OIAPR initially focused most of its resources on testing passenger rather than baggage screeners. While OIAPR began conducting covert tests of passenger screeners in September 2002, it did not begin conducting covert tests of checked baggage screeners until January 2003. Consequently, OIAPR has collected less data related to the performance of baggage screeners. OIAPR has increased the number of checkpoint and checked baggage tests it conducts in recent months. Additionally, TSA is developing protocols to help FSDs conduct their own airport level screening testing—a practice that TSA had previously prohibited at all airports, including those with private screeners.

Another key source of information on screener performance in detecting threat objects is the results from the TIP system. TIP is designed to test screeners' detection capabilities by projecting threat images, including guns and explosives, into bags as they are screened during actual operations. Screeners are responsible for positively identifying the threat image and calling for the bag to be searched. Once prompted, TIP identifies to the screener whether the threat is real and then records the screener's performance in a database that could be analyzed for

²⁴ As of February 1, 2004, OIAPR conducted covert tests at 137 airports, of which 109 included tests of both passenger and checked baggage screening. Additionally, OIAPR conducted repeat testing at 27 airports—2 of which were tested three times and 25 of which were tested twice. Of the 5 pilot program airports, 1 was tested 3 times and the remaining 4 were tested twice.

performance trends. TSA only recently began collecting and analyzing TIP data and TIP is not yet available for baggage screening.²⁵

TSA is not currently using TIP data as a formal indicator of screener performance, but instead is using TIP to identify individual screeners' training needs in terms of identifying threat objects on the X-ray machine.²⁶ TSA recently completed deploying and activating TIP with the new library of 2,400 images at all but 1 of the more than 1,800 passenger screening lanes nationwide.²⁷ TSA considers February 2004 to be the first full month of TIP reporting with the new library of 2,400 images. TSA collected these data in early March 2004. Officials told us that they plan to analyze at least 3 months of data—February, March, and April 2004—to determine more precisely how the data can be used to measure screener performance in detecting threat objects and to validate what the data tells TSA about screener performance. Additionally, officials stated that they plan to use TIP as an evaluation tool once sufficient data are collected to establish firm performance standards.

Annual Recertification Program

A third indicator of screener performance is the results of the annual recertification testing. ATSA requires that TSA collect performance information on all screeners by conducting an annual proficiency evaluation to ensure each screener continues to meet all qualifications and standards related to the functions that he or she performs. To meet this requirement, TSA established an annual recertification program comprised of two assessment components, one of the screener's knowledge and skills and the other of the screener's performance. The knowledge and skills assessment program consists of three modules: (1) knowledge of standard operating procedures, (2) image recognition, and (3) practical demonstration of skills. As part of the performance assessment, screeners are rated on both organizational and individual goals, such as maintaining

²⁵TSA officials stated that they are currently working to resolve technical challenges associated with using TIP for checked baggage screening on explosives detection systems (EDS) and have started EDS TIP image development. On April 15, TSA issued a request for proposal inviting EDS vendors and other third-party vendors to submit research proposals to improve TIP training technology for EDS.

²⁶TSA officials said TIP performance information has been available to FSDs on a local level since full activation in January 2004.

²⁷TIP is not yet operational at one airport (an airport with federal screeners) due to construction at the screening checkpoint to prepare for its installation. However, the TIP-ready X-ray machines have already been procured for the airport and will be installed once the construction issues have been resolved.

the nation's air security, vigilantly carrying out duties with utmost attention to tasks that will prevent security threats, and demonstrating the highest levels of courtesy to travelers to maximize their levels of satisfaction with screening services. To be certified, a screener must have passed all the applicable modules and have a rating of "met" or "exceeded" standards on their annual performance assessment.

Screeners have completed all three modules of the knowledge and skills assessment program. TSA is currently analyzing the results of the fiscal year 2004 recertification tests and plans to report on the results of the certification process to TSA's Acting Administrator in late April 2004.²⁸ The report will include the results of all three modules of the knowledge and skills assessment tests, the outcomes of screener performance assessments, and the total number of screeners terminated due to failure to successfully pass the recertification program.²⁹

TSA Efforts to Enhance Performance of Private and Federal Screeners

In October 2003, TSA began implementing a screening performance improvement program for private and federal screeners. The goal of the program is to improve screener performance through several training and management initiatives, including increasing covert testing at screening checkpoints, completing installation of TIP at all airports, enhancing screener training, and strengthening supervisors' skills through leadership and technical training. As part of TSA's efforts to enhance screener performance, TSA requires all screeners to participate in 3 hours of training per week averaged over each quarter. One hour is required to be devoted to X-ray image interpretation and the other 2 hours to screening techniques or reviews of standard operating procedures. TSA recently provided FSDs at all airports, including airports with private screeners, with additional training tools. Specifically, according to TSA officials, TSA has

- provided every airport, including the 5 pilot program airports, with at least one Modular Bomb Set (MBS II) kit—containing components of an improvised explosive device—and one weapons training kit, in part

²⁸Screeners certified at the end of their on-the-job training on or before June 30, 2003, must complete the fiscal year 2004 recertification program. All other screeners are to participate in the annual certification process for fiscal year 2005.

²⁹Based on the results of the screener recertification testing, TSA officials anticipate terminating less than 1 percent of the screener workforce due to failure to successfully pass the recertification testing.

because screeners had consistently told OIAPR inspectors that they would like more training with test objects similar to ones used in the tests;³⁰

- instituted a program called "Threat in the Spotlight" that, based on intelligence TSA receives, provides screeners with the latest in threat information regarding terrorist attempts to get threat objects past screening checkpoints;
- established video training and fielded the first two videos in the series; and
- fielded an Online Learning Center—a Web based tool with 366 self-guided training courses available to all screening staff, including staff at the 5 pilot program airports.

As we reported in February 2004,³¹ staffing shortages and lack of high-speed connectivity³² at airport training facilities have made it difficult for screeners to fully utilize these programs. According to TSA officials, the Online Learning Center is now available via the Internet and the Intranet; therefore the issues of connectivity have been mitigated.³³ In January 2004, OIAPR began to gather data on selected training initiatives and to conduct repeat covert testing at airports. At each of the airports OIAPR visited to conduct covert tests between January 5, 2004, and February 1, 2004, OIAPR inspectors interviewed screeners about whether they had participated in the training initiatives. Based on these interviews, OIAPR found that the training initiatives they discussed with the screeners had not been fully implemented at every airport.

TSA officials said that they have begun to focus attention on airports where screeners performed particularly poorly on covert tests. For example, TSA officials said that mobile training assist teams were deployed in November 2003 to identify causes of poor performance at these airports and work with FSDs to devise and implement solutions. Additionally, in January 2004, OIAPR began conducting repeat covert

³⁰The MBS II and weapons training kits were fielded to airports to address the identified training gap by allowing screeners to see and feel the threat objects that they are looking for. These kits contain some of the test objects used by OIAPR to conduct the covert testing.

³¹GAO-04-440T.

³²High-speed connectivity refers to broadband access to TSA's field operations training sites and checkpoints.

³³TSA officials stated that the Chief Information Officer's office is currently working with FSDs who have not received high-speed connectivity to identify alternative means of connectivity.

testing at airports to determine whether TSA's initiatives designed to enhance screener performance, such as additional recurrent training, have in fact improved performance.³⁴ Furthermore, FSDs are to be held accountable for screening performance and delivery of security. Specifically, annual performance assessments for all FSDs are to be tied to the overall performance level of their screeners as well as to their ability to address deficiencies quickly and adequately.

Despite its efforts to collect screener performance data and enhance screener performance, TSA officials acknowledged that they had not established overall performance targets by which to assess whether screeners within and across airports are achieving a desired level of performance. However, TSA has made progress in establishing performance standards for one screening function—X-ray image interpretation. In March 2004, TSA established interim TIP performance standards and plans to finalize these standards in May 2004. TSA is currently considering developing performance indexes for representing the performance of passenger and baggage screeners. During the remainder of our review, we plan to continue to examine TSA's efforts to measure screeners' performance, establish performance standards, and assess the performance of the private screening pilot program. As part of this effort, we will review the results of the BearingPoint, Inc. evaluation of the private screening pilot program, which was provided to TSA on April 9, 2004.

Concluding Observations

The private screening pilot program was not established in a way to enable an effective evaluation of the differences in the performance of federal and private screening and the reasons for those differences. In developing the pilot program, TSA did not develop an evaluation plan or performance targets by which to assess how the performance of federal and private screening compares. Additionally, TSA did not collect data in ways that would enable it to reach generalizable conclusions about the performance of private screeners. Further, the program was not designed to achieve its intended mission, as defined by TSA—to test the effectiveness of increased operational flexibility at the airport level that contractors may provide. Key operational areas, such as staffing and training have to a

³⁴Between January 5, 2004, and February 1, 2004, OIAPR conducted repeat testing at 15 airports. OIAPR officials reported that they conducted repeat testing at an additional 29 airports between February 2, 2004, and March 31, 2004.

Hearing on the “Airport Screener Privatization Program (PP5)”

Chaired by

The Honorable John L. Mica

Subcommittee on Aviation

U.S. House of Representatives

Testimony of

Terrence G. Slaybaugh

Director of Aviation

Greater Rochester International Airport

Monroe County, New York

April 22, 2004

Greater Rochester International Airport (ROC)

Monroe County, New York

Airport Screener Privatization Pilot Program (PP5)

April 22, 2004

Mr. Chairman:

I am Terry Slaybaugh, Director of Aviation for the Greater Rochester International Airport in Monroe County, New York and have been for the past 8 years. I am on the Board and am past President from 2000 until 2003 of the New York State Aviation Management Association, representing the interest of aviation in the state, including the interest of the nineteen Part 139 Commercial Airports. Prior to the Airport I served as Director of Economic Development for Monroe County.

Thank you for the opportunity to share our experience during the past two years with the PP5 program and TSA at the Greater Rochester International Airport (ROC). Based upon our experience, we (ROC) have been and continue to be convinced that private screening is a more efficient and effective way to protect the air traveling public and do so at a cost that is affordable for our industry.

While we are convinced that private screening is more effective and efficient, the Pilot Program has not been implemented in a way to make an effective comparison because both federal and private workforces have been "managed and staffed in the same way".

At a March 22, 2003 Hearing, Rochester presented a March 2003 Report providing a thorough analysis of the direct Cost of Screening at ROC and showed that it Totaled at that time \$17.6 Million, exceeding the \$13.4 Million Airport operating Budget by over \$4.0 Million. We also provided a detailed plan showing how that \$15 cost per enplaned passenger could be reduced to \$7.00 per passenger by implementing the \$9.5 Million or 54% reductions recommended in our Analysis. This report has been updated several times and presented to the TSA.

We have had no fewer than a half dozen meetings and correspondence to the TSA regarding this and other savings recommendations and have not seen any of those recommendations accepted or implemented.

While I have a number of observations of the TSA in general, I will focus this testimony on the PP5 Program.

PP5 Implementation as experienced in Rochester:

Current Airport Screener Privatization Pilot Program (PP5):

The current Pilot Screening program is a pilot in name only. TSA makes all the decisions and the private screening company implements them. The airport Director and staff, as well as the airlines, have been effectively excluded from the process. The TSA often implements changes to the PP5 workforce at ROC without informing either the Airport Administration or carriers.

Thus, the most inclusive and competent body of Airport experience has not been adequately included in TSA decisions resulting in less than optimal effectiveness on the part of TSA and a waste of significant federal taxpayer dollars and; in some instances, Airport dollars and resources. This seems to be a common problem throughout the TSA implementation model.

At ROC, the TSA has not embraced the Airport Director and staff in a meaningful role in the Pilot or test. A reading of what appears to be the TSA "Operating Philosophy Process" described in GAO-03-190; there is no mention of a role for airport directors and staff in the operations of TSA. This raises the question of whether or not TSA feels it can operate totally independently of the knowledge and experience of the Airport Director, Air Carriers and our respective staff. As an example the TSA PP5 Program Coordinator visited Rochester to hold a meeting of the PP5 FSD's. While I asked several times to meet with the Coordinator while he was in Rochester I only met with him for a few minutes by accident. In that few minutes I suggested that a similar meeting be held of the PP5 Airport Directors. I never heard from him again even though I had volunteered to coordinate such a meeting.

The management infrastructure for the TSA in Rochester and other PP5 Airports is the same as non-PP5 Airports. This "One size fits all implementation" results in an over staffing of TSA Managers with no one to supervise, creating a wasteful and non valued-added expense. While this was pointed out to the TSA, nothing has changed. We have recommended that the number of TSA direct people could easily be reduced from the 20 authorized positions to 5 at ROC saving at least \$1.5 million per year in Direct TSA personnel cost.

The federal law creating PP5 requires TSA supervision of private screening activities. Supervisory responsibility is duplicated with the private screening company by contract. The company is required to provide supervision and management of screeners, leaving TSA supervisory staff with little or nothing to do. This implementation duplicates supervisory responsibilities of the private company creating redundancy and waste.

Innovations in process and technology have come from the Private sector in this country, not from Government.

Effective Pilot/ Private Program:

A True Pilot Program should foster innovation, reduce cost and optimize effectiveness. Rochester strongly recommends that a plan be formulated and defined in an MOU or some other agreement with the sponsoring Airport that identifies the roles of the TSA, screening company, airport staff and air carriers.

The following requirements would insure an effective and optimal Pilot / Private Program:

1. An MOU, or some other document between TSA the private screening company, Airport and air carriers setting forth the goals and objectives of a "Pilot / Private" Program. The goals and objectives should identify areas where the TSA, private companies, Airports and our airline partners can improve security screening, create efficiencies, identify cost savings, test new

products, technologies and applications and thereby institutionalize innovations in the screening process.

2. The Airport, TSA, private screening companies and Airlines form a Management Team to measure Goals and Objectives to:
 - Identify planned savings.
 - Organize and staff the implementation.
 - Define Responsibilities and authority of TSA, Airport, the contractor and airlines.
 - Establish monitoring Controls, Reporting and Evaluation criteria for the implementation.
 - Formally evaluate each other's performance
3. The scope should include all participants "Recommendations" whether the applications for utilization is on the TSA approved list or not. This will encourage testing of alternative applications, products and systems thereby facilitating the implementation of innovations to improve security.
4. TSA should be responsible for Standards, Regulations, Oversight and Compliance.
5. The Airport should lead from a program management point of view in order to insure the optimal innovation resulting in it being a true Pilot or Private Program.

6. Airport to issue quarterly reports covering;
 - Progress, Problems, Issues and Opportunities,
 - Measurement against agreed upon metrics.
7. Airport and TSA to formally meet bi-monthly to plan and review implementation progress and evaluate results.
8. The TSA should be required to formally respond to Airport Recommendations with in 7 business days or a longer time if mutually agreed to. We have experienced a frequent lack of response and that is not acceptable.
9. A true team based approach (which has not existed for the past two years) leveraging the knowledge and experience of both the airport as well as the airlines would reduce the need for unnecessary TSA administration people and not only reduce cost but more importantly improve efficiency and effectiveness of security.

This concludes my comments and recommendations pertaining to the PP5 Program.

Thank you for the opportunity to participate and are there any questions?

**Statement of David M. Stone
Acting Administrator
Transportation Security Administration
Department of Homeland Security**

**Committee on Transportation and Infrastructure
Subcommittee on Aviation
U.S. House of Representatives**

April 22, 2004

Chairman Mica, Ranking Member DeFazio, and other distinguished members of the Subcommittee, thank you for inviting me to testify regarding the status of the private screening pilot program. The timing of this hearing is especially appropriate because of the recent completion of the independent study we commissioned to provide a performance evaluation of the so-called "PP5" airports and to compare that performance to Federal screening effectiveness. While there are some inherent challenges arising from the limited size of the PP5 program, I am pleased to inform the Subcommittee that the report found that the private screening pilot airports performed at essentially the same level as Federally screened airports. Overall, we believe the report confirms that TSA has been successful in administering the PP5 program and in overseeing security operations at the five participating airports. We look forward to applying the insights detailed within the report and the lessons learned from the pilot program as we consider guidance and procedures for airports to opt out of Federal screening.

Selection of the Airport Participants and Contractors

Under the Aviation and Transportation Security Act (P.L. 107-71), TSA was required to establish a pilot program for screening of passengers and property at up to five airports by qualified private screening companies under contracts entered into with TSA. The Act required that the program begin on November 19, 2002, and that each of the airports selected for participation be from different security risk categories. Furthermore, the Act established minimum standards with respect to pay and benefits for screeners employed by the private contract screening companies and required that the companies be owned and controlled by U.S. citizens.

Overall, TSA received a total of 19 applications to participate in the program. These included two Category X, four Category I, three Category II, five Category III and five Category IV airports. TSA reviewed the applications and were guided by the following 11 considerations in determining which airports would be selected:

1. Number of screening checkpoints
2. Configuration of current screening checkpoints
3. Willingness to modify checkpoint configuration
4. Geographically balanced representation across the U.S.

5. Proximity to other airports with Federal screeners
6. Number of screeners
7. Willingness to share costs or discuss cost sharing
8. Areas with variable costs of living
9. Availability of existing screening company resources
10. Local and Federal law enforcement availability to the airport
11. Diverse passenger mix

Following the review based on the above criteria and the requirement under ATSA that TSA select no more than one airport in each of the five different security risk categories, TSA selected the following airports for participation:

1. Category X: San Francisco International Airport (SFO)
2. Category I: Kansas City International Airport (MCI)
3. Category II: Greater Rochester International Airport (ROC)
4. Category III: Jackson Hole Airport (JAC)
5. Category IV: Tupelo Regional Airport (TUP)

After selecting these airports, TSA issued requests for proposals to solicit bids to provide contract screening services at the five pilot airports. TSA evaluated the applicants' qualifications and awarded contracts to Covenant Aviation Security, LLC at SFO and TUP; FirstLine Transportation Security, Inc. at MCO; McNeil Security, Inc. at ROC; and Jackson Hole Airport Board at JAC. The contract costs for the second year of operation of all five airports under the four contracts is approximately \$133 million in the aggregate. All contracts entered with the companies were cost-plus-award-fee contracts in order to maximize flexibility with respect to contract scope and to minimize risk to contractors, while providing incentives to the companies to perform strongly. In addition to the basic contracts, the four contractors were also eligible for \$15.9 million in incentive award fees.

Differences between PP5 Contract Screening and Pre-9/11 Contract Screening

It is important to emphasize that the contract screening program put in place by TSA after ATSA was enacted is vastly different from the contract screening system which was in place prior to the September 11 attacks. The previous program was a purely private sector model, with Federal regulatory oversight by the Federal Aviation Administration (FAA). In contrast, the PP5 Program is a hybrid government/private model in which the private sector must not only comply with strict minimum standards established in the aftermath of the September 11 attacks, and where the Federal government is directly involved with the day-to-day administration of the PP5 contracts. Whereas prior to September 11, the Federal government (FAA) exercised indirect regulatory oversight over the airlines' security operations, TSA has direct operational authority over security activities at all of the nation's airports, including security activities conducted by private contractors and their employees at the PP5 airports.

Prior to the federalization of security at the Nation's airports, airlines generally contracted with private companies to provide passenger and baggage screening. Criticism was directed at this structure following the September 11 attacks over the aptitude, morale, and professionalism of the screener workforce. Often, these screeners received inadequate training. Morale was also often low because of poor working conditions and low pay and benefits.

Under the PP5 Program, TSA requires that the private screening companies and their employees follow heightened security standards that were instituted throughout the Nation's airports following the September 11 attacks and the enactment of ATSA. The companies must perform at the same level as Federal screeners and comply with Federal passenger and baggage screening standard operating procedures. Furthermore, ATSA requires that the screeners must meet the same strict hiring and training qualifications applicable to Federal screeners. Finally, private screeners' compensation is higher than the remuneration and benefits provided to screeners by the airlines before September 11, as ATSA mandates that the private screeners' pay and benefits be no less than their Federal counterparts.

Most importantly, while the private contractors do provide management and supervisory staff oversight, screening activities are subject to supervision by TSA, as provided in ATSA. To oversee the day-to-day operations of the contractors, budgetary issues, and contract support, TSA established a Private Pilot Program Office that is responsible for ensuring that contractors perform screening services consistent with the requirements of airport security plans, security directives, and other applicable requirements. Operationally, the relationship between the Federal government and the private contractors ensures that security remains the primary focus because Federal Security Directors and their staff interact directly with the contract screeners in the performance of day-to-day operations. Again, this arrangement is in keeping with requirements in ATSA that Federal supervisors oversee all security at the PP5 airports.

Recruitment and Training of PP5 Screeners

Both TSA and the pilot program contractors drew from the same pool of candidates for the initial recruitment of screener applicants. TSA initially employed NCS Pearson Company to establish the assessment centers and test the screener applicants to determine their eligibility for employment.¹ NCS was required to comply with TSA criteria used to conduct assessments on applicants for Federal screener positions. Once determined eligible by NCS, pilot program contractors could then select their employees.

In the case of the airports where Covenant was selected as the contractor, Covenant conducted a pre-screening of potential employees, whereby the contractor required applicants to undergo a brief telephone interview, written exercise, panel interview, and visual acuity test to assess their suitability for the position and for the workforce culture

¹ TSA has since replaced NCS Pearson Company with Cooperative Personnel Services to administer assessment centers.

at the airport. The applicant would be referred to TSA's assessment process only if he/she passed the contractor's pre-screening.

ATSA requires that, at a minimum, all screeners complete 40 hours of classroom training and 60 hours of on-the-job training (OJT) before independently performing screening duties. For the initial training of screeners during roll-out, TSA hired Lockheed Martin to provide the training for passenger screening and hired Boeing-Siemens to provide the training for checked baggage screening.² The curriculum for private screeners is identical to that given to Federal screeners. Private contract screeners are also required to receive all recurrent training and to successfully undergo annual recertification.

Independent Evaluation of the Private Screener Pilot Program

In order to obtain an objective evaluation of the pilot program, TSA retained the services of BearingPoint and Abt Associates. Both firms are well recognized in their fields and brought together complementary strengths. BearingPoint is well versed in airport operations, data collection, and analysis. Abt Associates brings academic rigor and statistical modeling expertise. The two firms have a proven track record of providing thoughtful and informed evaluation services to both public and private sector clients.

It was clear to TSA leadership that identifying meaningful differences between airports utilizing private screeners and those employing federal screeners would be challenging. As all of you know, each of our Nation's airports are unique. Each has its own unique set of characteristics and security challenges. To evaluate the PP5 Program effectively, TSA needed to distinguish between differences resulting from the unique characteristics of each airport versus differences resulting from privatization of the screener workforce.

BearingPoint and Abt were charged with developing a sound evaluation structure, conducting the actual performance evaluation and comparison between private screening pilot airports and Federal screening airports, and developing a process to help TSA determine if a private screening company can provide a level of screening service and protection equal to or greater than that provided by Federal screeners. Along with the five pilot airports, the group evaluated data from all of TSA's airports and selected fifteen other federalized airports for in-depth comparisons. During these evaluations, the group conducted over 150 interviews with Federal Security Directors (FSDs), airport managers and staff, airline representatives, and others.

The BearingPoint/Abt evaluation measured performance in the three following general categories: security effectiveness, customer service and stakeholder impact, and cost to the government. In quantifying security effectiveness comparisons, the independent evaluation team used four criteria to measure screener effectiveness: (1) screener performance in covert testing conducted by TSA, the DHS Inspector General, and the General Accounting Office, (2) screener response to threatening images displayed by the

² Since May 2003, TSA has used Lockheed Martin to provide initial training for all screeners.

The study also revealed program improvements that can be made to the PP5 program itself, including allowing local FSDs greater involvement in the assessment process, allowing contractors to administer initial basic training, providing portability of screeners' certification, and increasing the authority of PP5 program office. We are considering these and other measures, and hope that the remaining seven months of the pilot program will reveal additional considerations we should factor as we proceed with development of the ATSA authorized private screening opt-out program. TSA regards administration of both the PP5 program and the opt-out program as a continual, seamless process whereby TSA operates, evaluates, and innovates. TSA will seek to incorporate lessons learned thus far, apply them to the future conduct of the PP5 program and the design of the opt-out program, and then further incorporate lessons learned from future activities at airports utilizing private contract screening.

TSA's Administration of the Pilot Program

TSA recognizes that some interested stakeholders, especially the contractors who will be testifying on today's second panel, have urged TSA to provide them with additional flexibilities in administering screening operations at the pilot airports. In particular, contractors have indicated that they require flexibility in recruiting, hiring, staffing, and training screeners. TSA appreciates the concerns expressed by PP5 contractors and welcomes a continuing dialogue with regard to their ideas on how to provide additional flexibility, within the confines of security requirements and the law.

TSA acknowledges that it has managed the PP5 program conservatively with regard to flexibilities. However, to place this in proper context, TSA initiated the PP5 program at the same time it was standing up the organization to ensure the nation's confidence in the security of our civil aviation system. It was entirely appropriate for TSA to take utmost care to ensure that security was being met at all of the nation's airports, including the PP5 airports, and do so through application of consistent requirements across all U.S. airports.

Now that we are well past standing up the organization and implementing the high standards that Congress and the American people expected, we are now in better a position to explore additional flexibilities. PP5 contractors were asked by TSA to submit proposals detailing how they would conduct the initial assessment and hiring process and whether the changes they would implement would result in a more cost efficient and effective process. TSA received technical proposals in March, and an evaluation board is currently reviewing the submissions. TSA believes that additional flexibilities will be possible, including the provision of greater discretion and authority to conduct hiring and training at the local level, as opposed to the current practice of largely managing these functions centrally.

At an airport-specific level, one example of flexibility is TSA's approval of the idea conceived by Covenant Aviation Services to implement and test the concept of using baggage handlers to perform non-screening functions in lieu of baggage screeners at SFO. The idea anticipates that the use of such baggage handlers will result in cost savings without any deterioration in security because baggage handlers are not required

to meet the same assessment standards applicable to screeners, undergo the same training regimen that passenger and baggage screeners must undergo, and are compensated at lower levels. This redirection of support resources will allow screeners to focus on their core mission. TSA is now monitoring the implementation of this idea to ascertain whether it is effective and whether it can feasibly be duplicated at other airports. TSA would also welcome other ideas from contractors on how to address differences in airport profiles, passenger mix, and airport terminal configurations, which result in unique challenges in conducting security operations effectively, efficiently, and in a customer-friendly manner at any given locale.

Moreover, we should not overlook the significant flexibilities that the contractors have possessed under the program. For example, they have significant discretion in operational and management decisions, including in the areas of supervision, overhead, materials, recruiting, compliance, and scheduling, and have implemented these flexibilities within their operations. Also, since the inception of the PP5 program, the contract screening companies have possessed the flexibility to differentiate from TSA in the design and delivery of recurrent training.

Moving forward with Implementation of ATSA's "Opt-out" Provisions

A primary purpose for conducting the private screening pilot was to lay the predicate for airports to opt out of Federal security screening. ATSA provides that on or after November 19, 2004, airports may submit applications to TSA to have the screening of passengers and property carried out by qualified private screening companies under contract to TSA. ATSA also provides that opt-out applications can only be approved if TSA certifies that the level of screening protection at opt-out airports is equal to or greater than the level that would be provided at airports utilizing Federal screening personnel.

The results of the BearingPoint/Abt study indicate that while additional study, analysis, and refinement will be required, TSA would not be foreclosed from making such certification at the appropriate time from a security standpoint. The Bearing Point/Abt study will help TSA identify performance baselines for measuring potential opt-out applications and constitutes a key element in our plan to continually operate, evaluate, and innovate in the area of private contract screening. We will digest and incorporate the lessons learned from the report while actively seeking further insights in the remaining months of the PP5 program, and we plan to conduct similar evaluations of both opt-out and federal airports after November 19, 2004. TSA looks at this evaluation as a starting point. The statistical analysis and data collection efforts provided by BearingPoint and Abt will serve as an initial baseline from which TSA hopes to employ the same evaluation rigor and depth in future measurements of the performance of all of our Nation's airports, whether private or federal. Similarly, TSA will take into account any findings and recommendations that the DHS OIG and GAO will make based on reviews of the PP5 program.

As we move forward on developing the ATSA authorized opt-out program, security of the aviation system is and will always be our overriding concern. TSA is in the early stages of developing an efficient, understandable, and effective procedure for opt-out applications and is currently drafting the specific contents of the opt-out guidance. The preparations for opt-out focus on three areas. The first involves general determinations regarding how the opt-out program would be structured and managed. Important issues such as reimbursement and indemnification to contractors need to be considered in this context, and we are working to address these issues. In this regard, in conjunction with the Department of Homeland Security, we are evaluating the applicability of the SAFETY Act to screening services provided by private screening companies under contract with TSA. The second area is the application and award process, in which TSA will consider how many airports might apply for the program, how screener contracts will be awarded, and the timing of applications and awards. The third area involves delineating clear roles and authority for TSA headquarters, the FSDs and their staff, and the airports and contractors in order to provide clear guidance on managing effectively screening operations at opt-out airports. We are taking appropriate steps to ensure that, should any airport choose to opt out of Federal screening, the process will be in place to give careful consideration of any applications submitted. TSA is currently on schedule to meet a self-imposed deadline for providing guidance to the airports in order to aid the decision on whether or not to opt out. Finally, we must be attentive in identifying any impacts on the integrity and effectiveness of security in the civil aviation system as a whole that might arise as a result of allowing some airports to opt out of federal screening.

In our consideration of opt out applications, we will exercise care and diligence in evaluating each application on its merits to ensure that security at opt-out airports will meet or exceed the performance at airports with Federal screening. TSA will proceed thoughtfully and methodically and will tailor any opt out approval to the unique conditions that exist at any given airport, to ensure that there is no degradation in any critical area. We will also give careful consideration to mechanisms to minimize contract costs. As I mentioned earlier, the PP5 contracts were cost-plus-award-fee contracts in order to minimize risks relating to the contract scope. As is typical in any acquisition program, the contractor risk will decrease with greater experience, as product or service requirements can be defined more clearly. We now have a clearer understanding of what the contractors' responsibilities would be in the opt-out phase and believe that it would be appropriate during that phase to consider alternative contract types that would provide even greater incentive to the contractors to manage their screening operations effectively and efficiently and place the appropriate level of cost risk on the contractor.

We are keenly aware of the significant challenges relating to transition at any airport that applies for and is approved to opt out of Federal screening and will take appropriate steps to ensure that we communicate effectively with the current screening workforce, who have done a tremendous job of protecting our aviation system, and with airport and airline stakeholders. One option that TSA would consider to ensure a smooth transition and no lapse in security would be to provide Federal screeners at affected airports with the right of first refusal for screener positions at contract screening companies. Our goal

will be, first and foremost, making sure that any transition does not lead to degradation of security during the initial months of the opt-out.

Chairman Mica, Rep. DeFazio, and other distinguished Members of the Subcommittee, this concludes my prepared statement. I would be pleased to answer any questions at this time.

**McNeil Technologies**

Corporate Headquarters
6564 Loisdale Court
Suite 800
Springfield, Virginia 22150

703.921.1600
703.921.1610 (fax)

www.mcneiltech.com

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

TESTIMONY BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE – AVIATION SUBCOMMITTEE

APRIL 22, 2004

Mr. Ronald Thomas, President
McNeil Security, Inc. – McNeil Technologies, Inc.
Mr. Michael Broida, Site Manager (Greater Rochester International Airport)
McNeil Security, Inc.
6564 Loisdale Court, Suite 800
Springfield, Virginia 22150

Thank you for this opportunity to testify before the Committee.

McNeil Security, Incorporated is a subsidiary of McNeil Technologies, Incorporated. McNeil Security was awarded a contract with the Transportation Security Administration (TSA) to provide security-screening services at the Greater Rochester International Airport (ROC) in Rochester, New York. The Rochester Airport is a large category II airport and one of the five designated “pilot-program” (PP-5) airports.

All of the screeners employed at Rochester were selected using the same process and requirements as those airports with federal screeners. The basic training, provided by Lockheed-Martin and Boeing, was identical to that given to federal screeners. The same on-the-job training requirements and testing processes leading to certification were also used. This is also true of annual re-certification requirements. One of the differences, however, was our ability to choose our Supervisors based upon interviews, past experience and other factors. We were not limited to designating Supervisors based solely on test results from the NCS Pearson administered assessment process. We have expanded on that by instituting a promotional process that provides our employees with a career path. Promotions are based upon background, overall performance and candidate interviews. Our formal yearly evaluation process is an integral part of the promotional system.

Staffing requirements for the passenger checkpoints and checked baggage screening areas are set by TSA. McNeil Security began operations in November 2002 with a mix of full-time and part-time personnel. This has allowed us to deploy staff in an efficient manner by synchronizing staffing levels with airline scheduling. Daily operations are monitored by TSA Screening Managers.

**McNeil Technologies**

Corporate Headquarters
6564 Loisdale Court
Suite 800
Springfield, Virginia 22150

703.921.1600

703.921.1610 (fax)

www.mcneiltech.com

McNeil Security Supervisors and Lead Screeners are assigned duties in addition to their TSA-mandated functions, for example, training, supply procurement, scheduling and information management. This has not only enhanced the development of our supervisors but also helped foster the teamwork between TSA and McNeil Security. We have also implemented focus groups comprising screeners. One of the focus groups presented a plan for the selectee screening process that was accepted and implemented by TSA. Another focus group is working with airport administration and TSA to design a new checked baggage screening area. All levels of our workforce are encouraged to be creative and make suggestions through the Employee Advisory Committee and weekly staff meetings. An employee suggestion led to the creation of a professionally produced, TSA-approved video that is played at the passenger checkpoints to help passengers understand the process, thereby increasing speed and efficiency.

We have been able to implement training programs in addition to those provided by TSA. These programs, approved by TSA, have included a nationally recognized customer service program, demonstrations by a local law enforcement bomb squad and a joint TSA/McNeil Security training program to implement a revised Standard Operating Procedure (SOP). One of our Supervisor Training Facilitators developed a series of crossword puzzles as a training tool. The puzzle's clues are taken from key areas of the SOP and serve to help screeners incorporate important procedures in a unique manner. This method also does not require a formal training venue or time period because screeners can work the puzzle during slower periods and during breaks. These forms are controlled by the supervisors.

McNeil Security has recognized that formal training is not enough. The checkpoint SOP alone contains 18 chapters in more than 150 pages of specific and often complex procedures. Physical search techniques, X-ray image analysis and other procedures demand frequent practice to maintain proficiency and efficiency. More than 90% of our screeners are dual-certified in passenger and checked baggage screening. The Rochester team developed a unique scheduling system that rotates dual-certified screeners on a regular basis. This helps to ensure that screeners maintain peak skill levels in all areas.

Screener retention is a critical issue. A stable workforce is a real cost savings and contributes to operational efficiency and effectiveness. There is no question that screener experience and frequent exercise of the skills required lead to reduced wait times, more efficient and more effective screening. Screeners who are satisfied and can visualize a positive future are more efficient, dedicated and motivated. Our promotional system is one reason our attrition rate is less than 10%, far below the national average. Another reason is that the Site Manager has been empowered to make decisions that affect employees' concerns. This enables us to institute rapid changes when needed without a complex bureaucratic process.

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703.921.1600
703.921.1610 (fax)

www.mcneitech.com

McNeil Security developed and implemented a Passenger Comment form shortly after beginning operations. The form provides for both positive and negative feedback. We have received hundreds of positive comments, including one from an Israeli Army officer lauding our screeners' thoroughness and skill. McNeil Security also instituted a complaint investigation process for the purpose of identifying issues and solving them. A key component is contacting the complainants to advise them of the outcome of the investigation of their complaint, usually within 48 hours. We have found that passengers are very impressed with the personal attention and rapid response to their concerns.

McNeil Security, with the support of the TSA, the Rochester Airport administration and the airlines, has developed a responsive, effective and efficient security operation. This program is a success story that should be strongly supported as a win-win solution for airport security. The regulatory responsibility of the local TSA staff, working in partnership with the private security contractor, is a model that works to keep our nation's airports safe, secure and efficient.

**STATEMENT OF THE
AIR TRANSPORT ASSOCIATION OF AMERICA, INC.
BEFORE THE
SUBCOMMITTEE ON AVIATION
OF THE
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
OF THE HOUSE OF REPRESENTATIVES
CONCERNING
OVERSIGHT OF THE AIRPORT SECURITY SCREENING PILOT PROGRAM
APRIL 22, 2004**

We appreciate the opportunity to submit our views about the airport security screening pilot program that the Aviation and Transportation Security Act (ATSA) created and the committee's recognition of the need to examine its implications for the security screening opt-out program established in that legislation. Assessing those implications must be quickly completed because the opt-out program will begin on November 19th of this year. How that program is implemented will have a profound effect on airline security of and on the ability to process expeditiously air carrier customers and air crews. A successful opt-out program will depend on carefully understanding and acting on the experience gained from the pilot program.

ATSA embodied the fundamental judgment of Congress that civil aviation security in the United States is a Federal responsibility. Among other considerations, Congress' assignment of this responsibility to the Transportation Security Administration reflected the determination that acts of terrorism against civil aviation are attacks upon American society and that the national government is responsible for protecting our society against such violence.

Congress, however, also provided in ATSA two alternatives to the TSA security regime.

First, and most immediately, ATSA authorized a pilot program under which private-company screening can be substituted on a limited basis for TSA screening.¹ The legislation authorized TSA to select for participation in the pilot program not more than one airport from the five airport risk categories that ATSA instructed TSA to establish. The five participating airports are: Jackson Hole Airport, Wyoming; Kansas City International Airport, Missouri; Greater Rochester International Airport, New York; San Francisco International Airport, California; and Tupelo Airport, Missouri. Second, and of long-term significance, ATSA sets forth criteria for an airport operator to apply to and receive TSA approval to opt-out of the federal screening program as early as November 19th.²

¹ Public Law No. 107-71, §108, Nov. 19, 2001, *codified at* 49 U.S.C. §44919.

² *Id.*, *codified at* 49 U.S.C. §44920.

Both the pilot program legislation and the opt-out program legislation contain important, specific conditions. Both provisions require the airport operator to submit an application to TSA to obtain its approval for a qualified private screening contractor to perform passenger and property screening instead of TSA. The prospective screening company must meet both statutory and TSA standards. Moreover, the company must provide its screeners pay and other benefits that are not less than the level of pay and benefits that TSA screeners receive. TSA, and not the airport, enters into a contract with the screening company upon its approval of the application. Furthermore, TSA must provide supervisors to oversee all screening at the affected airports and can terminate a contract for failure to comply with requirements that it has established.

The essential task today is measuring the performance of the pilot program. A thorough review of the program must be promptly completed to assess its success and thereby properly prepare for the statutory opt-out program. This is essential to all concerned—the traveling and shipping public, airports, and air carriers.

The results of such an assessment must be measured against several basic principles. First, private-sector security services must be shown to be at least as effective as those that TSA provides. This is the indispensable metric for the pilot program. Second, the use of contract screening cannot result in increased costs to users of the system—passengers, shippers, airports or air carriers. No one in the industry is in a position to absorb additional security-related costs. This is especially so in the context of a private-sector provision of security services. The principal justification of the use of private sources is their ability to deliver services more economically than the government. This means that the use of contractors should not generate additional demands by the Federal Government or airport operators to fund security services. Third, private-sector provided services must be efficiently delivered. Efficiency encompasses the expeditious provision of services to passengers and shippers, as well as streamlined administration of the program, and recruitment and retention of employees.

A comprehensive assessment of the pilot program, at the very least, must examine the following issues:

- Have the five demonstration airports been representative of the security demands that occur throughout the air carrier airport system in the United States?
- Overall, what benefits have been realized from the pilot program? Are identified benefits likely to be transferable to the opt-out program?
- What level of interest in the pilot program have prospective airport sponsors exhibited?
- What level of interest in the pilot program have prospective screening companies exhibited?
- What problems has TSA encountered in evaluating prospective screening companies?
- What problems has TSA encountered in administering the pilot program?

- What problems has TSA encountered in determining screener company compliance with the statute's requirements and its regulatory requirements? How prompt and responsive have screening companies been in correcting compliance shortcomings?
- Has TSA imposed sanctions on any screening company, such as demanding remedial action or threatening the loss of its contract?
- How much managerial discretion has TSA given to the selected screening companies? How much has that discretion been circumscribed by TSA's statutory oversight responsibility for the pilot program, Have screening companies sought more discretion than TSA has provided them?
- Given TSA's oversight role, can it be concluded that the screening companies independently produced improvements in screening performance or were those improvements attributable to TSA oversight?
- What screener recruitment issues have the screening companies encountered? How do they compare to TSA recruitment issues?
- What screener training issues have the screening companies encountered? How do they compare to TSA training issues?
- What screener retention issues have the screening companies encountered? How do they compare to TSA retention issues?
- How do detection rates differ among screening companies and between them and TSA? What factors explain these differences?
- Have the screening companies achieved better screener hiring and scheduling flexibility than TSA? Have screening companies overcome time-of-day and seasonal staffing demand problems that continue to affect TSA-staffed locations?
- In light of the statute's requirement that private screeners receive pay and other benefits that are not less than the level of pay and benefits that TSA screeners receive, have the screening companies demonstrated economies that TSA has not achieved? If so, in what areas of their activities has that occurred, why has that occurred and how much are those economies?
- Have disparities emerged in the level of screening among demonstration airports or between them and TSA-staffed airports?
- Are pilot program airports more or less efficient in processing passengers and their baggage than TSA-staffed airports?
- What opportunity have air carriers and other airport tenants have had in bringing to the attention of screening companies and TSA issues about the companies' provision of security services?
- What screening company liability issues have emerged? Have these affected the level of insurance that airport operators require or the nature and extent of indemnifications that they may require?
- Do the results of the pilot program suggest that screening companies, airport operators or TSA will require additional funding from air carrier customers or air carriers to operate the opt-out program?

- Has the experience with the pilot program led TSA to consider the use of contract employees to perform non-screening functions (e.g., staffing exit lanes)?
- When before November 19th will TSA be able to supply a comprehensive assessment of the pilot program?

Upon completion of its assessment, TSA must establish criteria for evaluating opt-out proposals. This is necessary for the uniform and effective review of applications. Section 44920(b) of title 49 of the U.S. Code, which establishes the opt-out program, states that TSA “may” approve opt-out applications. The use of the word “may” indicates that TSA can apply its judgment in evaluating these applications. That informed judgment should be guided by explicit standards that reflect considerations—such as those listed above—of how to most effectively and economically provide security to the traveling public and air carrier crews. Among the most important of these considerations is that a nationwide, uniform security system be maintained. We cannot tolerate disparate levels of security because of the existence of public and private screening systems. Those with a stake in these matters—customers, airports, and air carriers—should be given the opportunity to express their views about policies that TSA proposes to implement the opt-out program.

Finally, TSA must make its administrative and personnel practices more responsive to existing and projected screener staffing needs at the various airports that it serves. This should involve devolving screener hiring decisions and training to at least the regional level, if not the local level. Continuing with a centralized process for assessing, hiring and training will not allow TSA to efficiently meet current or anticipated customer demand. As we approach the busy summer season, the traveling and shipping public, airports, and air carriers need flexible staffing levels that meet those expected demands.